

VYSOKÁ ŠKOLA BÁŇSKÁ – TECHNICKÁ UNIVERZITA OSTRAVA
EKONOMICKÁ FAKULTA

KATEDRA PODNIKOHOSPODÁRSKA

Analýza alternativních forem ukládání peněžních prostředků

Analysis of the alternative forms of money saving

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Ostrava 2013

Bachelor Thesis Assignment

Student: **Luboš Mikolášik**

Study Programme: B6208 Economics and Management

Study Branch: 6208R020 Business Economics

Specialization: 00 Business Economics

Title: **Analýza alternativních forem ukládání peněžních prostředků**
Analysis of Alternative Forms of Money Saving

Description:

1. Introduction
 2. Literature review and methodology
 3. Quantitative analysis of alternative forms of money saving with research and comparison of several nations consumers
 4. Results and suggestions
 5. Conclusion
- Reference list
Abbreviations
Statement of thesis use
List of appendices
Appendices

References:

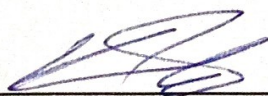
- CHATFEILD-ROBERTS, John. *Fundology*. Petersfield: Harriman House, 2006. 166 p. ISBN 978-1-897597-77-4.
- CHORAFAS, Dimitris N. *The management of equity investments*. Amsterdam: Elsevier Butterworth-Hainemann, 2005. 400 p. ISBN 0-7506-6456-8.
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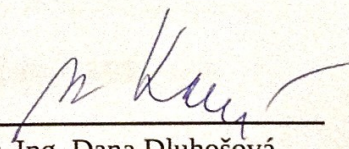
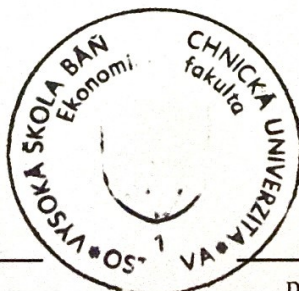
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Date of issue: 23.11.2012

Date of submission: 10.05.2013



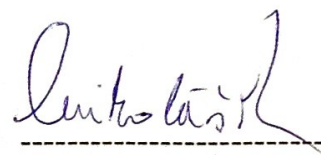
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Prohlašuji, že jsem celou bakalářskou práci, včetně všech příloh, vypracoval samostatně.

V Ostrave dňa 12. mája 2013

A handwritten signature in dark ink, appearing to read 'Luboš Mikolášik', written over a horizontal dashed line.

Luboš Mikolášik

Acknowledgements

Although only one name is written as the author of this paper, there were certainly more individuals without whom this work could not be accomplished. First of all I would like to thank to my dissertation supervisor, Mr. Kevin J. Rowles. From the beginning, when writing the dissertation was an unknown route, till the very end Mr. Rowles motivated and leaded me by practical questions. I would like to thank to Ing. Zuzana Wozniakova, Ph.D. for being ready to help and advise me anytime I needed it. Most of all I thank to God and my parents, namely Milan Mikolasik and Anna Mikolasikova, for being my lifelong role models and for being my support by every step I made through my life. I thank to my sisters, Martina Mikolasikova and Zuzana Mikolasikova, for their love and support anytime I needed it. I would like to thank to the Technical University of Ostrava and the University of Huddersfield for facilitating my studies in the Czech Republic as well as in the United Kingdom. I thank to Michal Skalicky for inspiring me through my studies in Huddersfield. Finally, thanks belongs to my friends and to my enemies for forming me the person I am.

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Prohlášení o využití výsledků bakalářské práce

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Appendices

1 INTRODUCTION

1.1 Introduction

Every person in developed world comes to the point of realising that money is the key to everything an individual cannot do or gain themselves. This should lead to a focus on what a person can offer while having a competitive advantage within the society to earn the “instrument” for obtaining almost everything else. By the time the world came to a point where many jobs require education and training to be done as required. Very simply said, young people prepare for several years to be able to join the system we live in. Earning money is definitely crucial, however, being able to appropriately valorise the earnings can be, in my opinion, as important as earning money. The reason is simple; after earning money there are four things to do with it; a man can either spend it immediately, save it at home, save it in a bank, or invest it. People seem to ordinarily do the first three methods but do not include investments as a form of saving money.

Before having a closer view on the aim and objectives of this paper it is necessary to clarify the terminology of properties. Property in general English might be considered as either commercial or residential house. Nonetheless, according to Oxford University Press (2006) the term property stands for land as well. As far as this paper will consider both of these assets, due to simplicity the American term “real estate” will be used for commercial and residential houses instead of “property”. Therefore, when using the term “property”, both real estate and land investments will be considered.

Regarding stock exchange trading, this indeed requires a significant amount of time invested particularly into commercial awareness (Lambert, 2011), whereas it is essential to have the news before all the rest of investors. However, regarding the status of properties as predominantly long-term investments, there is not that significant necessity of everyday intensive attention. As a result, investing into properties allows the investors to have diversified their portfolio without influencing their time management significantly. On the other hand properties seem to be generally known as illiquid assets expensive to be diversified, which will be discussed in this paper as well.

1.2 Aim of study

The aim of this paper is to investigate investments as alternative forms of allocating money, however, the word alternative has nothing to do with alternative investments, even though this work will include some of these as well. The investments analysed will be two basic properties the mankind has been always dealing with; real estate and land. The summary of main objectives is following:

- To introduce the basic theory of consumer behaviour, risk, return and liquidity in terms of investing
- To analyse several investments and consider according to their risk, yield, liquidity and other related aspects.
- To compare the British and Czech & Slovak consumers according to their preferences in styles of saving money.
- To propose the most fitting form of investment for different groups of people.

Finally, it is important to mention regarding land assets, that these will be divided into three parts: forestry, land with water resources known as groundwater and farmland together with commercial land.

1.3 Background

Investing in its basis is an everyday action of a human being and limiting investments only on financial operations would be a very constricted way of thinking. Reading this chapter is an investment of time as well as writing it. Therefore investments are very closely related to opportunity costs. “The opportunity cost of something is what you give up in order to get it.” (Veldhuis, 2009, p.28). That means if a young person wants to study to get a better paid job once, opportunity cost represents the salaries this person could get by working immediately (Jurečka, 2010).

1.3.1 The relationship between keeping money in cash, saving it in a bank and investing it

Keeping money in cash offers the best liquidity possible, as there is no need of waiting to get it from a bank or selling anything to get it. Money in cash is an answer to any immediate need of purchase anytime. This refers to bank current accounts as well up to a certain limit of cash. It would be probably the best choice if every single economy were not influenced by inflation. Robin Duthy (1978) explained it clearly when he said the value of a pound saved five years ago is 50 pence today. Nowadays the situation in most developed countries including the European Union countries is not as bad as described by Duthy, however, keeping a huge amount of money in cash is still probably the worst thing one can do with it.

Probably the most common way of money saving is allocating it in a bank using such products as current account, savings account or by investing through bank funds and other bank products. Saving cash at current account is a safe and liquid way of saving money with almost no interest, which is why this method is usually used only for saving a certain amount of money used for ordinary payments while keeping it safe. Preserving earnings at savings account offers a higher interest but significantly lower liquidity. Money withdrawals are possible even before the contract expiration, however, it is connected with a previously agreed penalty or by not returning the deposit to its owner. Finally banks do offer such investment products as fund investments, gilts, bonds, units and securities that are connected with low liquidity and dividing the profit between bank and customer. This is the point when it is appropriate to consider other ways of money saving through investments.

Alternative investments concerned on profitable allocation of earnings can be understood as any investment that is yielding no matter if it is buying gold or lending money to neighbour. The number of alternatives of saving money by investing it is high, whereas the risk, return and liquidity differ in each case. After all, limiting the variations only on risk, return and liquidity would not be accurate. There are some other aspects that may have a significant impact on decision making about particular investments, such as tax breaks, high or low level of uncertainty, competition in particular market, capital needed for particular investment and other concerns and their combinations, that need to be considered. Nevertheless, return, risk and

liquidity are probably the three most important factors that influence the decision making of an investor.

As to financial investments there are plenty of things to invest into such as shares, bonds, gilts, properties, precious metals, antiques, French wine, commodities and others, however, as mentioned above, this work will concern primarily property investments. These investments will be investigated as alternatives of putting money in bank or holding it in cash. However, the aim of this work is not to claim putting money in bank or holding it in cash is inconvenient. Neither does this work claim investments into properties are a better choice than stock exchange investments.

1.3.2 Diversification

It is inevitable to keep a portfolio diversified (Goetzmann et al., 2008). In addition it is essential to diversify single groups of portfolio, like savings in banks or investments are. The basic principle of diversification stays the same in all cases. When holding all savings in cash, it is rational to spread it to several places. If there were a robber, he or she would be likely to find some of the savings but not all of them, whereas the probability of finding all the savings in one place is less likely, however, if the robber found it in one place, the loss of the owner would be 100 per cent. In other words diversification offers a good protection of capital, even though there are dips in return” (Mint, 2012).

Banks usually provide some benefits to very important customers, whereas dividing the money between several banks may cause less benefits for a person. Nevertheless, it is important to diversify banks used (Slijkerman et al., 2013) and not to put all the “bank money” into one institution, so that, in case there were some financial troubles the investor did not loose all their bank savings. Moreover, to diversify banks effectively, it is important to investigate the background of each bank, as several small banks can be part of a huge international bank. Therefore, through investigation of each bank a consumer prevents putting their money into one huge corporation.

In case of investments, diversification is likewise an essential tool to reduce the risk of portfolio (Mint, 2012). Carnahan (2001) claims that due to diversification it is essential not to invest in the

employer's stock and companies related. Moreover, while investing into real estate Carnahan (2001, p.150) recommends not to invest in around the industries that are close to an investor's home, "since if they tank, the value of your house could, too". Additionally the same guideline could apply for agricultural and commercial land. In case of forestry and groundwater it is crucial to make sure there are enough potential customers to trade with (Amir, 2011) for two main reasons. Firstly, in case of only one customer the risk of such business is quite significant as it is literally dependent on the customer's performance. Secondly, the bargaining power of one buyer is very large, which Porter describes in his Five Forces framework (Porter, 1979).

2 LITERATURE REVIEW AND METHODOLOGY

This chapter consists of three main parts. In the introducing part general attributes of property investments are outlined. Secondly, the basic theory of property investments will be reviewed. Thirdly, based on the previously mentioned theory real estate, commercial and agricultural land, forestry and groundwater investments will be investigated.

2.1 General attributes of property investments

Before analysing single investments it is relevant to mention a few substantial characteristics personal investments have. Firstly, without any penalties an investor can decide when to sell the assets. This, however, depends on liquidity of a particular asset and on market conditions as well. Secondly, there is no dividing of profit between an investor and third party unlike investing through a bank. This as a matter of course applies only in case the investor does not cooperate with other parties. These two characteristics substantially differ investments from the routine of putting savings into bank. However, the trouble in case of investing into properties comes with price. As an example an average house in Ireland costs GBP 174,964 (Nowlan, 2010), whereas the amount of money invested into single stock equities is completely up to the investor. Therefore, applying diversification as a crucial tool for risk reduction seems to be much more difficult while investing into properties, as it might require a significantly larger amount of money. Nevertheless, the average price of single types of properties differs and the troubles and threats will be analysed individually in each case.

One matter that should be considered in each investment, particularly in property investments that are less liquidate (Slatin, 2009), is timing. Properties might be a great investment if “you get your timing right” (Nowlan, 2010). Indeed, the past performance of Irish property market proved timing is essential, as the prices of Irish houses in 2002 and 2010 were equal, however, in 2007 houses were double the value (Nowlan, 2010). Mower (2006, p.118) agrees on timing’s importance claiming: “timing is everything”. Mower also emphasizes the importance of location, demographics, or the capital flowing into a particular asset class. Aaron Gillies supports the importance of considering location by arguing that location has a significant impact on selling a property in the future (Belfast Telegraph, 2008). Moreover, as mentioned in the “diversification”

chapter, Carnahan (2001) recommends investing in different locations than around home in case that particular location fell into economic problems or was hit by environmental disaster. Finally, Lomanno (1996) adds the demand on properties largely depends on their location, infrastructure and industries that are around. Indeed, in case of forestry infrastructure and industry around will have a crucial effect on the price of the assets as well as the price of real estates in emerging tourism places.

After all, Leong (2006) adequately stated it is crucial to know the “game rules” before entering the game, whereas this advice should be taken into account in every kind of investment. This simple recommendation sums up all the previously stated aspects and other issues that might be required to consider in particular cases, to invest responsibly as Sullivan & Mackenzie claim responsible investing is extremely important.

2.2 Property investment theory review

2.2.1 Consumer behaviour in terms of savings allocation

According to the governmental approach to consumers proceeding since “the late 1970’s”, Burton (2001, p.130) calls Britain a “savings friendly culture” offering its residents a broad range of investment opportunities with tax allowances and other advantages in particular investments. The advantages and allowances concerning property investments will be discussed below in the chapters concerning specific property investments. Regarding property investments Burton highlights the government decision to privatise the council properties, which boosted the demand for properties based on increase of opportunities in particular market.

While investing, Pickard (2004) explains understanding the potentials that particular investments have can provide a huge opportunity. Pickard (p.1) sums up the most important issues while investing into property as follows: “Trying to predict the behaviour of consumers - and businesses - is a key part of managing property portfolios”. Lin & Lee (2004) agree by claiming an investor has to predict the future of the investments and market chosen. Moreover, Lin & Lee (p.319) explain the dependence of an investor on the “parties that produce the product” such as stocks, however, in case of property investment there is no dependence as the owner of property

is the only person disposing with the property (Leong, 2006), which significantly differs property investments from other investment vehicles. Nevertheless, predicting the future of particular markets or assets is extremely difficult and making a mistake in such prediction might cost an investor their fortune.

On the other hand, there exist some other stimuli that may lead consumers to invest to efficiently allocate their savings. Burton (2001) discusses the relationship between state and its residents regarding retirement, whereas the approach of individuals differs from self-sufficiency to full dependence on the state after retirement. Indeed, governments generally offer a certain amount of care for its residents; however, the question is for example to what degree is Greece or Cyprus able to guarantee its residents the same care than a few years ago. Cumbo (2012) explains one of the fallouts of Greece's bailout are still decreasing pensions, which might be a serious issue for some residents of this country being depend predominantly on the government money after retiring. On the other hand, the question is whether the situation of relatively self-sufficient individuals is any different. The issue is that if a state bailouts it concerns the whole economics situation, which includes prices of properties with possible return decreases as well (Sunday Times, 2011). After all, diversifying the sources of income might offer certain self-sufficiency, which is, according to the Diversification chapter, offering an individual a safer spread of savings.

Burton (2001, p.132) mentions another so called "life-cycle" tendency based on the general behaviour. Burton claims that young consumers together with young families do generally spend their earning immediately with no interest in savings. The reason may seem to be obvious as young families predominately focus on their household and repaying the mortgage. However, Burton highlights the rising number of divorces nowadays and considers this trend to have an impact on future behaviour of young people. What Burton presumes is the possibility of changing the "life-cycle" model in the close future.

Risk

Risk is the opposite of safety (Benford, 2008). Athearn (1971) searches the perception of risk by number of authors, whereas the conclusion can be interpreted in economic terms as an uncertainty of losing. However, Athearn (1971) highlights the difference between risk and

uncertainty as these two stand for completely different issues, but are often being put together. Burt (2001) appropriately defines risk as the “probability that an event will occur”, whereas uncertainty is simply “a pervasive fact of life” (Lawson, 1985). Summing it up, it appears that risk stands for the certain amount of probability that the adverse situation in a particular case will happen (Benford, 2008).

Return

Return is the reason investors do invest. Also, it might be the impulse to consider reasonable investing instead of putting money in bank. Black (1995) claims the crucial issue is “neither explaining return, nor explaining average return”, but “estimating expected return”. In case of properties there are several advantages such as cutting trees to sell timber, selling water or letting a real estate that produce an additional income for the owner besides the potentially rising value of property.

Liquidity

Reilly & Brown (1997) suggest every investor should consider the liquidity risk before each investment. According to Reilly & Brown liquidity is formed by the time necessary for transforming an asset into cash. Therefore the bigger the uncertainty of selling an asset according to the owners will is, the more increases liquidity risk.

2.3 Property investments analysis

Before having a closer look at single property investments it is inevitable to mention that most facts concerning properties, such as return or particular tax allowances, cover British assets. Considering the Czech and Slovak conditions is not possible according to the allowed range of this paper. Nevertheless, besides the particular numbers standing for return or prices the general conditions of property investments stay the same in the Czech Republic and Slovakia as well as in Great Britain.

2.3.1 Real Estate

2.3.1.1 Introduction

“Forget designer watches, luxury sedans, stock options, currency trading, securities, derivatives and masterpiece paintings. The one real constant investment that has proven resilient to volatility is the real estate market.” (Leong, 2005)

Despite investing into “bricks and mortar” may appear as an old and notorious venture, particularly in the UK, these investments still offer an interesting return (Leicester Mercury, 2011). Renesial Leong (2007, p.6), known also as the “property queen”, says about UK real estate investments that in spite of their status of a “notoriously drawn-out business” these investments still do promise good yield. Franklin D. Roosevelt also concisely described real estate investments by saying:

“Real estate cannot be lost or stolen, nor can it be carried away. Purchased with common sense, paid for in full, and managed with reasonable care, it is about the safest investment in the world” (Hull, 2007, p.12)

Before outlining basic characteristics it is important to mention that by real estate investment not only residential houses are meant, but commercial real estates as well. There are several advantages of real estate investments that keep this way of allocating capital unique and attractive. Firstly, investing into a small real estate does not automatically mean low return on capital. David Hobbs, chief executive of a real estate company, says that lower priced property

assets used to have a better return comparing to high priced properties (Cited by The Sunday Times, 2008), which may create an interesting investment opportunity for “ordinary” people. Moreover, the investor’s opportunity of raising the real estate’s value is substantial (Evening Post, 2011), which depends especially on the particular asset’s status. The price of a real property depends on many aspects, however, the worse status a purchased property has the cheaper should it be, which might require a heavier reconstruction that consequently produces a higher price raise than the costs invested in general (Evening Post, 2011). Furthermore, it is not only the real estate itself producing a yield by usually raising value, but the opportunity of letting the property as well. Nevertheless, as mentioned before, it is essential to know all the “game rules” before entering (Leong, 2006), as the same real estates might not be valued equally, since the price depends on location (Leong, 2006) and other aspects, such as future potential and other. One of the potential dangers could be that the return on real estate does not always compensate the mortgage together with other costs related to a particular real estate (Lodge, 2005). However, in case of investing into real estate in terms of saving money there is no paying off a mortgage, but current costs only.

2.3.1.2 Risk in Real Estate Investment

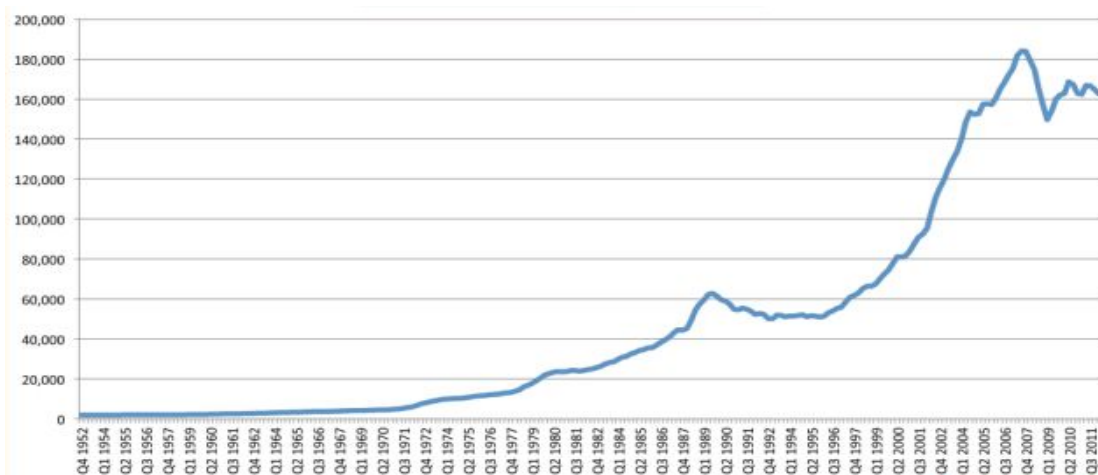
Before talking about risk it is inevitable to mention one uncertainty regarding the real estate sector. Saelensminde (2012) described this as a risk of rising rates, which could possibly drive an investor insolvent. This uncertainty might have a close connection to attractiveness of the real estate market, which is connected to demand, particularly the prices of rent and real estates overall. Although, real estates are generally not much of a risky investment as long as the “player knows the rules of game before they play” (Leong, 2006). When letting a real estate, there is one significant risk, which is letting people an investor may not know to live in his or her property while having no other choice than to fully trust these people (Leong, 2006, p.1). The same applies for commercial real estates as these are fully used by tenants as well. This has to be secured by a tenancy agreement before “giving the keys” to the tenants (Leong, 2006, p.1). Another risk that needs to be considered is the tendency of price of real estates to grow into a “bubble”. Norwood (2008) claims the prices of London real estates have decreased by 10 – 15 per cent in one year after the real estate bubble had burst in 2007. Other risks may highly depend on the location of real estate. If a house was situated in an area with high risk of fire, flood or hurricane these facts

should be considered by the investor as it may have impact not only on the future price of a real estate but on the future of the property itself.

2.3.1.3 Return on Real Estate Investment

The last statistical data announces that in 2011 the return on real estates was 7.8 per cent (Forestry Commission, 2012). From the long term view Chart 2.1 is illustrating the performance of UK property average price. The price for last 15 years has risen in average over 10 per cent annually, which implies only the “gross” price of a property without deliberating the possibility of valorising its value by additional investments or generating an extra profit from rental yield. However, according to Chart 2.1 the price bubble starting in around 1995 and bursting in 2007 is apparent. Though the return on this investment is good in average it is important to remember timing and analysis of a particular market in order to prevent becoming a witness of real estate price bubble burst.

Chart 2.1 Price of Real estate properties in Great Britain



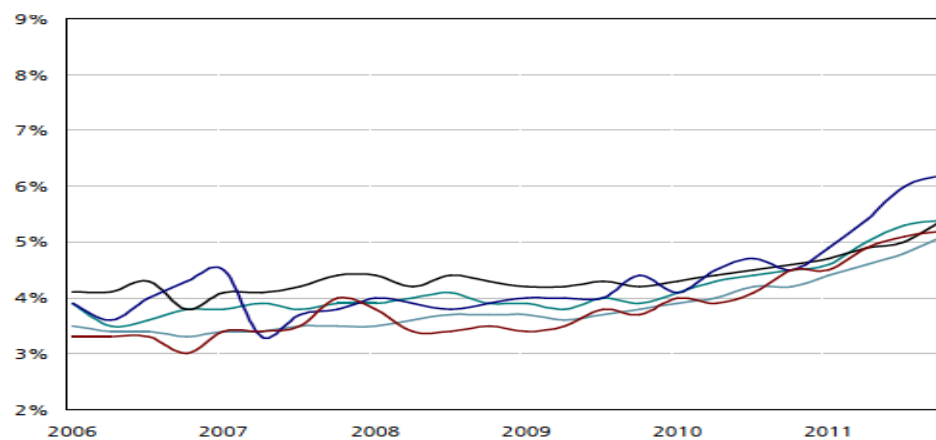
Source: Feierstein, 2012

2.3.1.4 Liquidity of Real Estate Investment

Low liquidity of real estates is probably the most significant force distracting some potential investors, which is why every investor should consider this issue before entering the real estate market. Krainer (2001, p.32) states, “it is not a puzzle that houses are illiquid assets”. However, Krainer (2001) adds real estate liquidity differs according to particular markets, whereas the “hotness” and “coldness” of markets change by various effects. Moreover, the continuous changing of “hotness” and “coldness” of markets can be perceived as an opportunity as well as a threat. Quite a recent example is from Ireland as the “price bubble” burst, which resulted in a 34 per cent properties price fall in 2009 (Carson, 2009). Therefore it is crucial to remember proper timing when investing into real estate (Nowlan, 2010). Right timing indeed might have a significant impact on liquidity, as the price negotiation with potential buyer would be probably quicker if there was space for discounts. In other words, if a well timed real estate investment produced a good return, the investor selling the property would be much more likely to offer a discount than an investor selling a house that produced a 30 per cent loss. Therefore, the better conditions for negotiation and space for price adjustment, the better liquidity. After all, the low liquidity of real estates is indeed significant when compared to other investments, such as equity investments at stock exchange. An investor has to be aware of the probability of significantly longer time of selling this asset, particularly when the investor is not willing to decrease the price set.

Although the attractiveness of a particular real estate market might change, the return on

Chart 2.2 The performance of Irish real estate rental yields



Source: Mac Coille et al., 2012

properties is not produced by the changing value of a real estate only, but by rental income as well. Chart 2.2 illustrates the rental yields of real estates in Ireland, whereas each line stands for a particular area in Ireland. It is obvious that despite the huge fall of real estate prices in Ireland the rental yield did not decrease which is a positive attribute for worried Irish real estate investors. Regarding liquidity this information is a positive indication real estates might be able to produce a certain amount of yield despite their value decrease.

2.3.2 Farmland and Commercial Land

2.3.2.1 Introduction

The constantly rising global population is connected with two substantial attributes. In order to survive people will always have to eat something and live somewhere. Both of these necessities are closely linked to land, that seems to be becoming a strategic segment of the future (Alternative Outlook, 2010). The current forecast of United Kingdom farmland prices is announcing a potential of 36 per cent price increase in five years, whereas the past five years performance of 138 per cent price increase proves the forecast to be quite realistic (Kiernan, 2012). Wilkinson (2011, p.6) agrees with Kiernan by reporting that even the prices of “the cheapest wetland in Gloucestershir” increased over 100 per cent over past five years. What makes investments into United Kingdom land, particularly farmland, indeed attractive is the inheritance tax relief, which is an “extremely important form of tax relief” (The Western Morning News, 2009, p.10). Being a significant account, the inheritance tax relief on UK farmland seems to create a strategic advantage comparing to investing into other European lands (The Western Morning News, 2009), however, the proper timing (Nowlan, 2010) might have a crucial impact on investing into land as well as in case of real estate investments. On the other hand, one of the proposals on how to “rescue” the UK from recession is establishing a land tax that would end up with “land prices falling and more houses being built” (Derby Evening Telegraph, 2013). This proceeding might be perceived as an opportunity as well as a threat; however, nowadays it may cause a significant range of uncertainty for investors.

2.3.2.2 Risk in Farmland and Commercial Land Investment

Land investments seem to be falling into the category of quite safe money allocations. Although, MacCrate & Peterson (1999, p.15) mention several risks connected with this type of investment, such as “market risk, governmental risk, financial risk, environmental risk”. Indeed, market, governmental and financial risk are concerning probably every investment, however, environmental risk or uncertainty seems to be significant especially while investing into land. Rosenzweig (1992) approves that weather has a significant impact on the condition of farmland and since people cannot control weather together with environmental aspects, this risk is indeed significant. The market risk is based on fluctuating relationship of supply and demand (MacCrate & Peterson, 1999). Therefore, timing might have an essential impact on the effectiveness of an investment (Nowlan, 2010). Regarding the governmental risk, this issue was briefly mentioned above. The uncertainty of potential changing tax policy is substantial, whereas in case a disadvantageous tax policy was adopted, it might have a terrifying impact on the land price and on investors’ results. Finally, MacCrate & Peterson (1999) claim the financial risk is based particularly on the preferences of investors and their willingness to negotiate the price. Additionally, the number of competitors and potential tenants might have a significant impact. After all, the capital needed for entering this particular business is quite low, which might cause a larger number competitors. Therefore, as all these attributes are connected with financial risk, it is important to search the “rules of game” before entering the market (Leong, 2006).

2.3.2.3 Return On Farmland and Commercial Land Investment

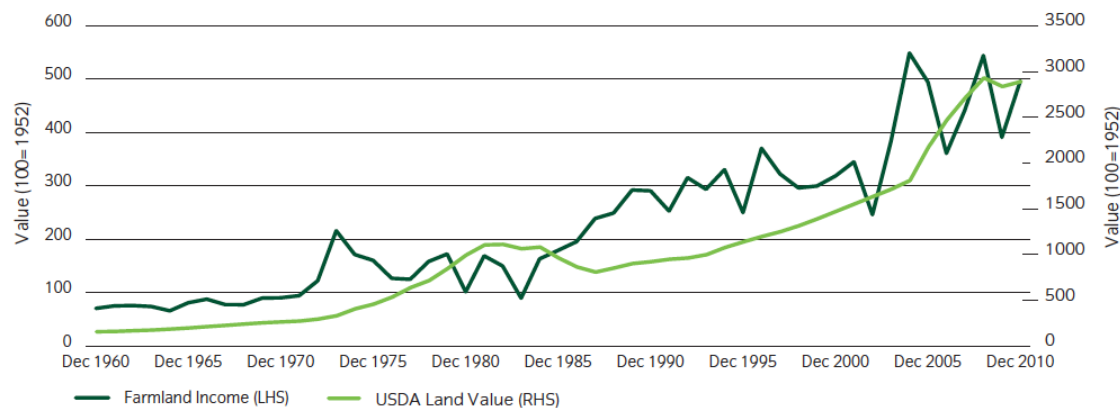
The return on commercial and agricultural land has already been mentioned in the beginning of this chapter. Generally said, the average return on land investments has been 10 per cent over the last 50 years (Vishkai et al., 2012). The Chart 2.3 presents the performance of farmland income and land values. The value of land is apparently followed by minimum fluctuations comparing to farmland income, which makes investing into land relatively stable. Moreover, it is apparent that

past 20 years the value of land has been constantly rising, whereas the forecasts promise continuity of this pattern in next five years (Kiernan, 2012).

Source: Vishkai et al., 2012

Though the graph indicates an attracting performance, there are several attributes that need to be mentioned as these are closely related to return on investing into agricultural and commercial

Chart 2.3 Farmland income & land values performance



land. Thus the location of land seems to be crucial it would be appropriate to look for places with a good potential of economic growth (Lawson Fairbank, 2010). Infrastructure plays an important role as well (Lawson Fairbank, 2010) as an investor probably would not want to have double the costs building the necessary infrastructure. Another attribute that might have a significant impact on land price is the quality of soil (Lawson Fairbank, 2010) in case of farmland investments as well as the access to fresh water. The importance of access to fresh water in agricultural land will be further discussed in the chapter concerning groundwater investments.

Finally, there is one more option of investing into land by purchasing a relatively cheap farmland and transform it into building land by investing into engineering structure (Ying, 2005). However, Ying (2005) adds this kind of investment is causing farmland wastage and is not society friendly, as farmland becomes extremely important nowadays. On the other hand Hetherington (1999, p.6) argues that “over 60,000 farming jobs have disappeared” past 10 years, whereas the number of UK citizens that need to live somewhere rises. This seems to be a serious issue regarding the future, particularly in China, where the land resources according to the number of inhabitants are significantly limited (Tang, 2000).

2.3.2.4 Liquidity of Farmland and Commercial Land Investment

Vorchheimer states land is an asset requiring tax payments, but provides no periodic income to the owner (Kosnett, 2007). However, the income might depend on what type of land an investor holds, as farmland can be let and therefore produce certain profit regularly. Kosnett (2007) states this asset is literally illiquid comparing to other investments. Despite his encouragement in land investments, Silcoff (2008, p.119) admits this asset is illiquid, as “the units cannot be publicly traded”. Indeed, land does not belong to the most liquidate assets. However, unlike real estates land can be divided into parts in case of financial shortage of an investor, which may be a significant advantage in certain cases.

2.3.3 Forestry

2.3.3.1 Introduction

In the whole history of human being wood has been an essential commodity as it has precious characteristics while being quite easy to work with. What is even more important a characteristic is wood’s renewability. Nowadays some people may suppose wood is not as important and valuable as in history, but the opposite is the truth. The very first attribute that increases the value of this commodity is its lack as each year a similar area of forests like Panama disappears (National Geographic Society, 2013). Wood is currently mostly used as construction material, fuel, or used for biomass. Biomass, however, does not seem to be an efficient use of this commodity. (Evening Post, 2010).

There is no doubt forestry as a way of investment is less known than gold. However, the performance of this asset demonstrating a 14% average annual profit from 1987 to 2008 (Alternative Outlook, 2010), whereas for example investing in 2009 into the Scottish plantations produced a 21% yield in a year (Thomas, 2010), might not leave any investor calm. One of the most dominant factors that push timber prices into such an attractive position is China and India’s timber demand that affects the whole world mainly in the times of timber shortage (Russel, 2007). Nevertheless, what makes forestry indeed attractive are tax breaks such as no income tax,

no capital gains tax when owning a forest for more than two years, and no inheritance tax (Russel, 2007). Moreover forests can be used two ways, either for selling timber or the land can be sold as well and this business is also considered to be environment friendly (Bolger, 2008) as trees produce oxygen and absorb carbons, which makes this investment probably the most “green”. Finally, forestry investment is considered to be a great way of diversifying a portfolio as “whatever happens in the wider economy, your wealth is still growing because your trees are still growing” (Alternative Outlook, 2010) and the fact is that even though the price of timber may decrease for some time, one of the solutions would simply be letting the trees grow even more by not cutting it immediately. Even professional investors such as Jeremy Grantham or Paul Brosnan are announcing the current outperforming of stocks by forestry, while predicting even more increasing popularity of this type of investment (McGoran, 2008).

2.3.3.2 Risk in Forestry Investment

Before analysing the risks factors in forestry it is important to mention that the profitability of this investment closely depends on costs of timber processing, environmental and forest policy, exchange rate of the currency traded with, legal issues and other concerns of this business (Cubbage, et Al., 2010). These aspects cannot be directly labelled as risk factors, however, they do evoke a certain amount of uncertainty.

There are probably two most significant risk factors, whereas the first one is the threat of fire damage. This implies mainly to warm, sunny days when people tend to hike in forests but are not careful enough (Evening News, 2001). There is probably not an absolute method of defending a forest from burning, however, several ways of prevention such as thinning or prescribed burning in case a “stand ignites” can be executed (Amacher, et Al., 2005, p.284). Moreover, as the risk of fire cannot be fully eliminated, it is important to reduce the possibility of fire spread by building fire breaks and by planting trees at limited density (Amacher, et Al., 2005). The second risk that worries forestry investors are bark beetles that can cause “extensive tree mortality” (Egan, et. Al., 2010, p.1832). To be perfectly clear, it is not only bark beetles but many other pests and diseases attacking the trees in Europe that the freshly planted trees can succumb to (Maguire, 2012). Defending trees against pests is extremely difficult and probably the most effective way is to make sure the trees are healthy, and in case some trees are diseased or even only damaged by

lightning it is inevitable to remove these trees immediately (Douce, et Al., 2002). However, such activity requires a significant amount of time, which needs to be considered before choosing this investment.

2.3.3.3 Return on Forestry Investment

As mentioned before, the profitability of forestry investments have been in average producing 14 per cent return between 1987-2008 (Alternative Outlook, 2010). Moreover, in 2010 the return on forestry was 20 per cent, whereas in 2011 the return hit almost 35 per cent, which outperformed property investments over four times (Property News, 2013). What is even more important is the increasing lack of timber that makes this commodity promising even better performance. On the other hand the return on forestry investment might differ according to the market an investor operates in. The price of lumber might not be the same in some regional markets than in the worldwide market, where China and India's demand push the price of this commodity up.

2.3.3.4 Liquidity of Forestry Investment

Besides the rising demand of China and India, the rising global environmental policy and the status of forestry being a good alternative investment are significant as well (Kiernan, 2012). However, Kiernan mentions one more important attribute of forestry investment, which is necessary to be aware of before entering this industry. It is inevitable to hold the investment for at least 5-10 years to literally let the wealth grow to make the investment profitable, whereas after this time direct ownership of forests offers a very high liquidity (Kiernan, 2012). The reason is if an investor needs money immediately it is always possible to chop part of a forest and sell it, whereas the price depends on current demand and the number of business partners an investor has. Nevertheless, until having the opportunity to chop a few huge trees to gain a particular amount of cash, the liquidity of this asset is quite low.

2.3.4 Groundwater

2.3.4.1 Introduction

“Because water has been so cheap for so long, it has been largely overlooked as an investment option. But the days of cheap water are fading fast.” (Atkinson, 2009, p.33)

There is a well-known paradox that the value of diamonds is outrageously higher than the value of water, even though an individual could survive without diamonds unlike without water (Jurecka, 2010). Very simply said, diamonds are more rare for the society than water, and we are willing to pay more for a rare stone than for commodity necessary to survive that is not rare. The question is how long will this trend last. Indeed, nowadays might be the time to consider investing into water, as it still seems to be less popular than real estate or forestry, particularly in the UK that is occupied by real estate investments (Brennan, 2007). However, the demand for water has “risen sixfold during the past century, more than double the rate of population growth” (FT.com, 2007). Katsman (2010, p.18) uses as an example the United States, as its “demand for water has tripled over the past 30 years”, whereas the population has risen only over 50 per cent. In addition, Wagner (2009) claims the demand for water is expected to rise due to the rising global population and economic growth. Wagner (2009) concludes with a warning that the costs for finding new sources are extremely high, whereas water is an irreplaceable natural resource with no substitutes (Calvert, 2008). However, some techniques for acquiring water, such as desalination, rose in their popularity enormously. Particularly the use of desalination has risen by 50 per cent in past five years and is likely to rise even more in the future (FT.com, 2007). Despite all the techniques available McKie (2000) warns that in 2000 seven per cent of the global population lacked water, whereas that number is about to be ten times bigger by 2050, which is a shuddering information.

Moreover, it is necessary to mention that 70 per cent of all the fresh water is used for agriculture irrigation (Atkinson, 2009). Deliberating the facts mentioned in the chapter concerning agricultural and commercial land, particularly concerning the rising global population and its food need, it is crucial to mention water is an inevitable commodity for plants to grow. As a proof, Israel might be the best example to demonstrate the threats of lack of water (Katsman, 2010) as restrictions in water consumption have to be adopted due to extreme lack of fresh water

and the quality of groundwater becoming significantly worse by last few years (The Gazette, 2008). With the globally spreading lack of fresh water it might be reasonable to analyze particular locations with significant water demand as investment opportunities.

According to all the previously listed facts it seems to be about the time to consider investing into water resources. There are number of ways to invest into water. At first, probably the most popular way of investing is simply to buy a certain company's shares, particularly of water related company in this case. When investing this way Atkinson (2009) highlights it is essential to search the primary focus of such company. The reason is some corporations are identified as "water companies", however, their primary concern has nothing to do with water (Atkinson, 2009). Secondly, Katsman (2010) mentions the United States are currently dealing with over 100 years old water infrastructure that "extends more than 700,000 miles" of length. It appears there might be a good chance of reasonable investing in the close future into particular businesses related with water infrastructure. Another way of investing into water would be by putting capital into water recycling, desalination or other purification methods that are becoming hugely popular nowadays (Elsevier, 2010). However, this work will focus on none of these investments, though they might be a reasonable choice. Concerning only properties in this paper, investments into land with water resources will be analyzed. A groundwater investment allows an investor to directly dispose the demanded commodity, which offers no profit division comparing to stocks.

2.3.4.2 Risk in Groundwater Investment

Probably the most significant risk of groundwater investment is pollution that has become a huge issue past years, particularly in China (Jiangtao, 2011). Indeed, deliberating environment has become essential past few years due to the fast spreading worldwide pollution caused by cars, industries (European Commission, 2012), and landfill waste produced by every member of society (Anonymous, 2008). Stuart et al. (2012, p.3) classify eleven most significant risk factors of groundwater as: the risk of "pesticides, pharmaceuticals, life-style compounds, personal care, industrial activities and by-products, food additives, water treatment by-products, flame/fire retardants, surfactants, hormones and steroids, and ionic liquids". Summing-up, it appears all these risks have one common characteristic, which is contamination of water directly through land. However, Sen (2012) warns there is a lack of discussion about groundwater uncertainty.

Therefore, Smith (2005) highlights it is crucial to investigate the contamination of soil, nature of the environment around the water source, to estimate the risk concerned.

2.3.4.3 Return on Groundwater Investment

Davidson & Hellegers (2011, p.226) highlight water is not “generally freely traded”, which eventuates in worldwide price differentiations of this commodity. Therefore, it is extremely hard to talk about certain return of such investment, as the prices differ enormously. However, the crucial information for a potential investor is that “most valued water” in India is “highly elastic” (Davidson & Hellegers, 2011, p.226), which means the price of water is highly dependent on the demand. Deliberating the above-mentioned predictions of McKie (2000) that in 2050 70 per cent of the global population will lack water it is highly probable the elasticity of water will follow the same pattern as in India nowadays. Investigating the actual numbers, the average increase of water tariffs has risen over 6.8 per cent between 2010 and 2011 (Zetland, 2011). Some regions, such as Memphis in USA, are outstandingly different comparing to the close environment, as the prices of water have risen over 80 per cent in one year in this city (Zetland, 2011). Reminding McKie’s (2000) future prognosis, the probability other cities and nations will follow this pattern of water prices is more than significant. Nevertheless, it is important to mention there might be some limitations in the water prices illustration presented by Zetland (2011). The factors supporting rising prices of water could be inflation, government regulations, whereas these differ in every nation.

Finally, it is necessary to be aware of costs required for accessing the water in case an investor decided to sell groundwater and not the whole land. These costs would differ in each case according to particular needs of an investor, but are essential to be included in the return calculations.

2.3.4.4 Liquidity of Groundwater Investment

To become an owner of groundwater it basically requires buying a land with groundwater under it. Therefore, the liquidity of a groundwater investment might be very similar to agricultural or

commercial land. On the other hand, having the access to groundwater an investor can immediately trade this commodity, which would make this investment more similar to forestry in terms of liquidity according to the possibility of selling water anytime. However, Matthews (2005) warns there are some limitations about groundwater rights that differ in particular cases and need to be analysed. These limitations might have a significant impact on the rights to access the groundwater and therefore could have an impact on liquidity and the price of this particular property investment.

2.4 Summary

In the beginning of this chapter the basic attributes concerning investments were outlined. After that there were two main goals of this chapter. First, it was inevitable to introduce the basic theory of consumer behaviour in terms of investments, risk, return and liquidity. Second, the individual property investments were introduced and discussed according to particular areas that have probably the most significant impact on decision making of an investor.

2.5 Methodology

In order to completely fulfil the aim of this work the objective is to determine the preferences of British and Slovak & Czech consumers regarding the management their savings. Since Slovakia and the Czech Republic are almost the same cultures, these two nations will be considered as one group that will be compared to the United Kingdom. The research will investigate the difference between the approach of British and Czech & Slovak consumers. The method of the research will be explained as well as the limitations of the research will be outlined.

2.5.1 Research hypotheses formulation

The literature review did not deliberate general preferences of saving at all as a result of the author's assumption properties needed to be analysed and introduced for the reader to understand the opportunities these assets offer. However, according to commercial awareness, information discovered in literature review and general opinion; the author decided to establish six research hypotheses.

Research hypothesis (1) People do not generally invest into properties as a way of saving money, however, they have considered this investment and find it reasonable.

The author assumes property investments are not generally used for diversifying a savings portfolio. This concern might be caused by several attributes, such as unawareness about the opportunities that properties offer or by refusing to invest time and effort to allocate money more efficiently.

Research hypothesis (2) Czechs & Slovaks are generally less interested in working with savings than Brits, which eventuates in:

- *Spending less time on investigating investment opportunities*
- *Poorer diversification of savings*
- *Less investments in properties*

This research hypothesis regards the tendency of people to hold some savings in cash and some in a bank, or number of other assets, and not to search for additional options. Moreover, the

author assumes British residents are more commercial aware and financially oriented than Czechs and Slovaks. The assumption is based on the fact, that a significantly greater amount of literature and information concerning finance is available in English language. Therefore, British consumers have wider opportunity to choose any news, whereas Czechs & Slovaks have in comparison quite restricted approach to information.

Research hypothesis (3) The residents that invest into properties prefer real estates and land (commercial or agricultural), but do not include forestry or groundwater investments. However, the majority of property investors are satisfied with this way of savings diversification.

Based on the fact that real estate properties became a huge issue past few years (Anonymous, 2010), this research hypothesis might be proven particularly in the UK. However, there is no doubt forestry and groundwater are less generally known than real estate or land. Therefore, in case this research question was proved to be true, it might indicate an opportunity for potential investors, as the prices of these assets might be expected to rise with the rising popularity of these investments.

As a result of the previous performance of properties' prices demonstrated by Forestry Commission (2012), Vishkai et al. (2012) and Alternative Outlook (2010), the author assumes the people that decided to invest into properties consider this way of saving money beneficial. Although, there may be individuals that invested into properties but missed the timing. Therefore the hypothesis talks about the majority that should be represented by at least 70 per cent of respondents.

Research hypothesis (4) Older people invest to properties to diversify savings more than young consumers.

The assumption is based on consumer behaviour concerning previously mentioned "life cycle" (Burton, 2001) that is connected with immediate spending of earnings by young families and single consumers. This might be interconnected with lack of earnings and consequential minimum amount of savings to diversify, particularly in property investments.

Research hypothesis (5) The major reason the non-property investors do not diversify their savings through property is liquidity.

Based on properties considered as illiquid assets the author assumes this issue is the biggest barrier holding potential investors from diversifying through these assets.

Research hypothesis (6) Czech & Slovak consumers are more satisfied with bank products than British.

This assumption closely relates to the research hypothesis 2. The author assumes the requirements of Czech & Slovak consumers are lower comparing to British. Therefore Czechs & Slovaks are less anxious about better contract conditions offered by banks.

2.5.2 Research method

This section will discuss the method of analysing and way of approaching the necessary data with its advantages and disadvantages. According to the objectives of this study, that are connected with analysing property investments and savings preferences of two nations, it is necessary to approach a sample of population from each nation. Therefore quantitative method of researching was chosen using questionnaire.

Quantitative research is “Explaining phenomena by collecting numerical data that are analyzed using mathematically based methods” (Muijs, 2004, p.1). Muijs explains there are generally two methods used for researching; “quantitative and qualitative method” whereas, as already mentioned, this work will use the quantitative research method. This research offers speaking to a particular group of people concerning a specific topic (Thomas 2003). Mujis characterizes quantitative research by collecting “numerical data”. Thomas adds quantitative survey is usually used for “revealing the current status” of the issue investigated.

However, it is important to mention that Thomas (2003, p.48) explains there are some limitations in quantitative research as well, whereas the most significant is the averages produced by quantitative surveys distort the “unique way that the target variable fits into the pattern”. Moreover, Muijs (2004) adds there may be issues a researcher would want to go through, but these might not provide quantitative data. On the other hand Mujis (p.2) explains this potential limitation is not as serious an issue as it may appear as a survey depends on the “designing research instruments” a lot.

Finally, the questionnaire was spread primarily via Internet because of two main reasons. The first and the most substantial reason was the extremely broad range of approaching respondents. Secondly, the time efficiency of spreading the questionnaires via Internet is significant.

2.5.3 Questionnaire design

Designing a questionnaire that provides all the data an author requires while not bothering the respondents is probably the crucial aspect for obtaining valuable results.

The questionnaire consists of 19 questions that are divided into number of groups, while each group focuses on a different sector. The questionnaire is basically built gradually according to the level of diversification of savings of a respondent.

There are three general questions spread in the whole questionnaire that connect single groups, but provide valuable data concerning commercial awareness in general. The very first question is general and neutral so that the respondent did not find the questionnaire complicated.

The first group of questions consists of questions 2 – 4 that concern savings and ways of working with savings in general. The fourth question connects the first group with the second group of questions that deals with allocation of savings into banks. The eighth question bridges to the third group of questions dealing with investments into properties and other assets. The 16th question is the last general question that backtracks to the first question, which will be explained in further research. After all the last three questions are to divide the respondents according to their gender, age and nationality.

Based on salary is generally a sensitive question for a respondent (Joinson et al., 2007), the author decided to skip this question, as it is not a necessary question for answering the research questions.

2.5.4 Pilot study

The pilot study was concerned on determining whether the questionnaire was suitable, simple enough and clear for respondents. The predominant reason for such decision was that the author of the questionnaire might have considered it clear, however, the opinion of unconcerned

individuals could be different. Therefore, the pilot questionnaire was presented to the author's dissertation supervisor, and two other unconcerned individuals.

After the comments of the individuals that were asked for feedback, the author decided to make several changes. Firstly, the first question was established as neutral so that the respondent did not feel under pressure. Secondly, the author decided to add a question concerning the products a respondent might require their bank to offer. Thirdly, some questions were modified to a more simple and transparent meaning to be clear for an unconcerned respondent. Fourthly, the answers to some questions were changed to scale, which is simpler and clearer for a respondent. Other changes provided were concerning grammar corrections.

After the pilot study the author translated the English questionnaire to Slovak version. The whole questionnaire can be seen in the appendices section.

2.5.5 Sampling Group and Data Collection

This research focuses on comparison of British and Czech & Slovak nation. The Czech and Slovak nation are put together for two reasons. Firstly, the differences between these nations are minimal and secondly, the number of Czech respondents was too low to be considered a representative sample.

The target group were primarily people older than 30 years as this group of people is generally considered to be saving money and does not need all their savings liquidate, as properties do not generally provide such liquidity as other assets.

The questionnaire was distributed mainly via e-mail and social networks to approximately 5000 people. Since 16th March 2013 to 23rd March 2013 305 respondents answered the questionnaire, whereas 78 are British, 37 Czech and 190 are Slovak nationality.

2.5.6 Limitations of the research

Several limitations need to be considered before interpreting the results obtained. The limitations can be divided into two groups; general and specific. The general limitations are determined by the theory of quantitative researching. Probably the most significant general limitation was

already mentioned in “Research method”, which was explained by Thomas (2003) as the averages produced by quantitative surveys distort the “unique way that the target variable fits into the pattern”.

Another limitation that probably cannot be estimated accurately is the approach of single respondents. After browsing the responses it appears that some respondents were inattentive by e.g. filling some of the questions they were supposed to skip after answering a particular question.

After all, according to the results the tendency of respondents to match middle values in scale-organised questions was apparent.

Regarding the specific limitations of this survey there are several significant issues that need to be considered. First, the ratio of respondents’ nationality is various. The Slovak and Czech nationality with its 227 respondents provides much better sample comparing to British 78 respondents.

Second, the limitation explained by Thomas is multiplied by putting together the Slovak and Czech nationality as it might slightly cause an average between these two nationalities, though the differences are not too significant.

Third, despite the effort to make the questionnaire as simple as possible, some respondents did not understand the terminology used in the survey.

Four, the responds were highly dependent on lifestyle and earnings of an individual or a family. The author decided not to include a question concerning the respondent’s salary due to the sensitiveness of this topic. Therefore, it is not apparent whether the distribution of respondents according to their lifestyle and earnings is varied or identical.

Five, out of all the 305 respondents, only 70 have invested into properties. Therefore, while evaluating single property investments only a small number of individuals have expressed their opinion, which resulted in a sample with poor level of representativeness.

3 QUANTITATIVE ANALYSIS OF THE ALTERNATIVE FORMS OF MONEY SAVING WITH RESEARCH AND COMPARISON OF SEVERAL NATIONS CONSUMERS

3.1 Introduction

This chapter will analyse and discuss the results obtained in the research executed. Two main parts were established in this chapter. Firstly, the “resource of information” – participants of the survey will be analysed. Secondly, the approach to property and financial investments will be investigated ending by analysing general satisfaction with banks and their products. The analyses and hypotheses tests were provided via the combination of Microsoft Excel and IBM SPSS statistics.

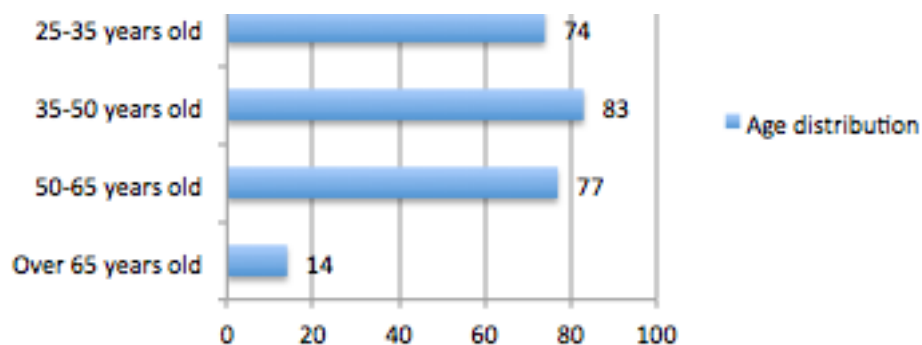
3.2 Profile of respondents

Before approaching the results it is important to present the profile of participants of the questionnaire, as the objectivity and accuracy of the research is closely related to the resource of information – participants of the survey.

The questionnaire was filled by 305 respondents. Out of all the respondents 78 are British nationality, and 227 are Czech and Slovak nationality, which is on a percentage scale 26% British and 76% Czech & Slovak respondents.

The age distribution of respondents is quite equal for all the age groups except the oldest age group, which is represented by only 14 respondents. The whole age distribution is illustrated in Chart 4.1. The values in each bar are not represented by percentage but by the number of

Chart 3.1 The age distribution of respondents

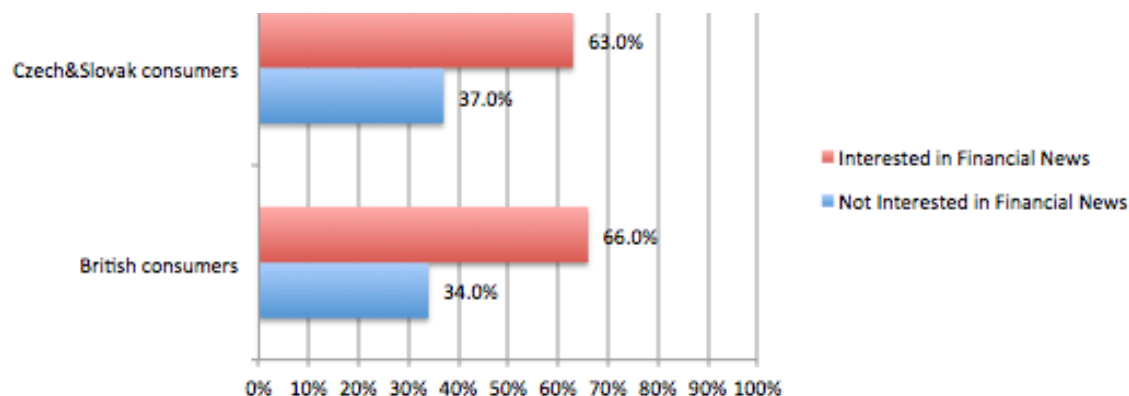


respondents in particular group.

The ratio of men and women respondents is quite balanced as well, as 57% male and 43% female respondents participated on the questionnaire research.

Another general information concerning consumers is their interest in financial news, investment opportunities and economics generally. The results are surprisingly almost equal as 66% Brits and 63% Czechs & Slovaks are interested and 34% Brits and 37% Czechs do not care about general finance. However, there is a slight overbalance of British individuals interested in general finance. The comparison of the two nations is presented in Chart 4.2.

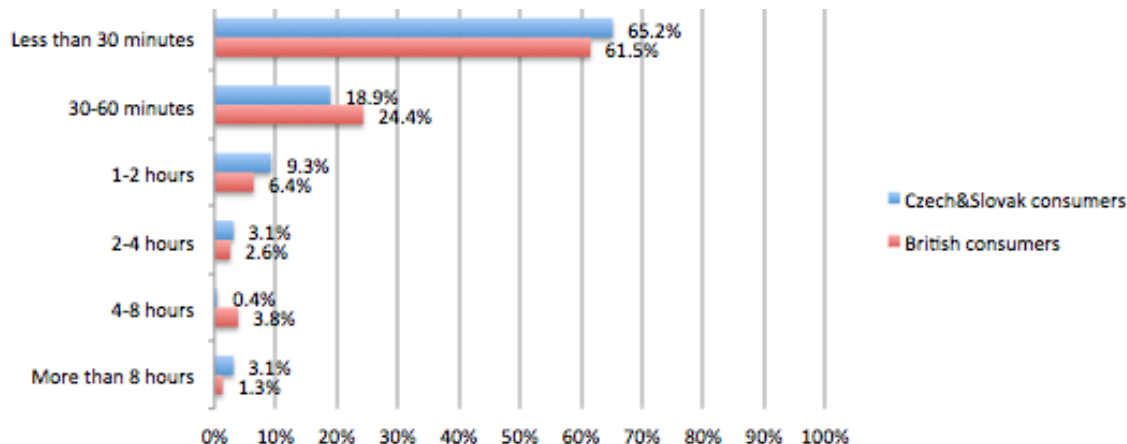
Chart 3.2 Interest in basic finance and investment opportunities



Additionally, the approximate time that respondents spend by searching investment opportunities are analysed together with description of how do respondents perceive this time. Surprisingly, the results are highly similar. The average time was obtained using a scale from 1-6, where 1 stands for “Less than 30 minutes”, 2 stands for “30-60 minutes”, 3 stands for 1-2 hours, and so forth. The average for British consumers is 1.667, which represents approximately 40 minutes, whereas the Czech & Slovak consumers average is 1.6388, which represents approximately 38 minutes. Apparently, British consumers spend more time on investigating the investment opportunities, however, as mentioned before, the difference is extremely low. Overall, most people in both nations spend less than an hour per month by searching the investment opportunities, whereas the

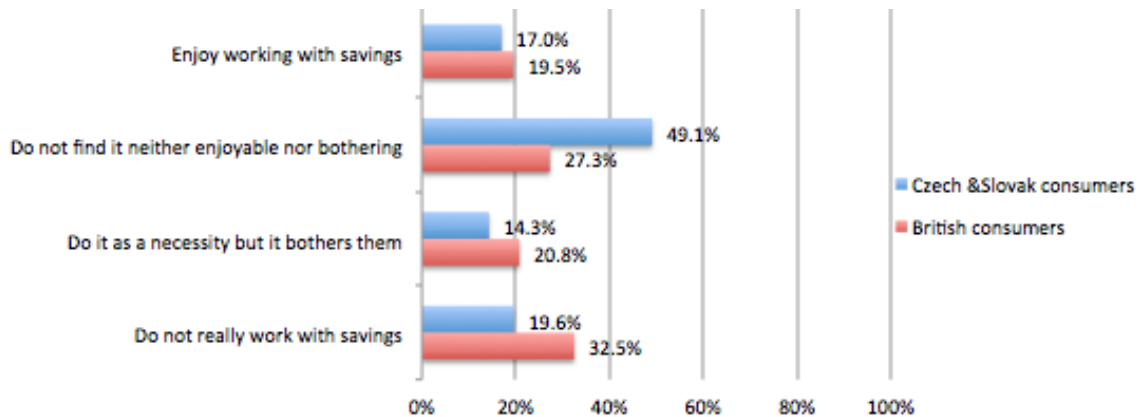
majority spends less than 30 minutes a month on such investigation. The complete data concerning time spent on searching investments is illustrated in Chart 4.3.

Chart 3.3 Time spent on searching investment opportunities



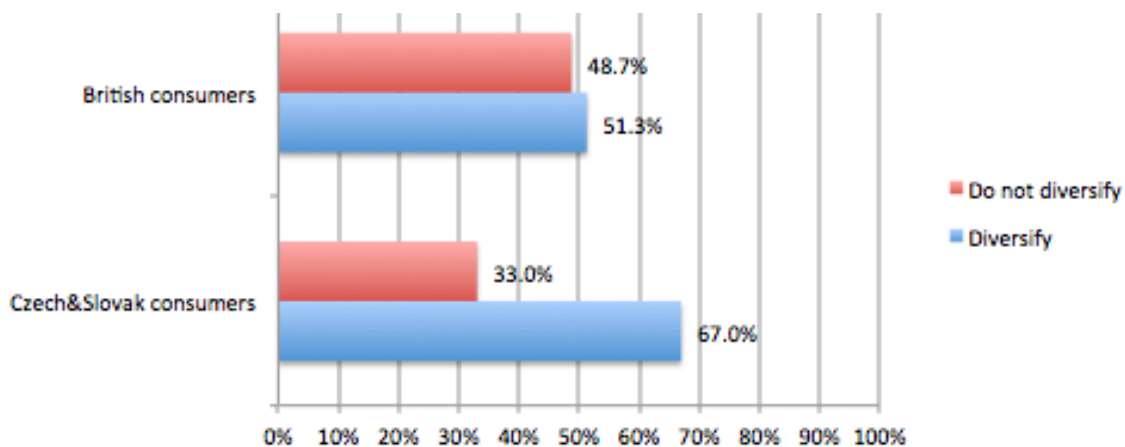
Regarding the perception of time spent on working with savings, which is illustrated in Chart 4.4, the answers differed quite significantly. Almost half of Czechs and Slovaks do not find this activity enjoyable but it does not bother them as well. As to British consumers, surprisingly over 32% claim they do not really work with savings and another 21% are bothered by working with savings. On the other hand, more British consumers literally enjoy working with savings than Czechs and Slovaks. After all the overall approach to time spent on working with savings was compared between the two nationalities. As the choices the respondents had are sequentially ordered from positive to negative approach, these values were replaced for values 1-4, while 1 stands for “Enjoy working with savings” as the most positive approach and 4 stands for “Do not really work with savings” as the most negative approach. With Czechs and Slovaks obtaining an average value of 2.37 and Brits being on 2.66 it appears that Czechs&Slovaks have rather positive approach towards working with savings, whereas British consumers perceive this activity rather negatively.

Chart 3.4 Perception of time spent with savings



Finally, the approach to diversification of savings was analysed. It appears that majority of respondents representing over 62% diversify their savings, however, the overbalance is not very significant. Interestingly, Czech&Slovak consumers diversify their savings more than British, whereas the difference is quite significant as almost 67% Czechs and Slovaks diversify in comparison with only 51.28% British consumers. The difference in diversifying preferences is

Chart 3.5 The approach to diversification



illustrated in Chart 4.5. After all, regarding diversification, quality of this activity has a crucial role, however, this is extremely difficult to discover.

3.3 Research findings

After quantitative introduction of the questionnaire participants, the results obtained can be investigated. This section is divided into three parts, whereas the first part is focused on analysis of property investment responds, the second part will concern responds regarding other financial investments and the third part will cover the analysis of bank preferences.

Analysing the results will not be sequential, but the data will be analysed in related groups. This basically means that the data will not be analysed according to hypotheses requirements, but according to the group an information belongs to. Therefore, for example property investments and all the issues related to this topic will be analysed together. The connection of results to the established hypotheses will be discussed in the Discussion chapter.

3.3.1 Property investments

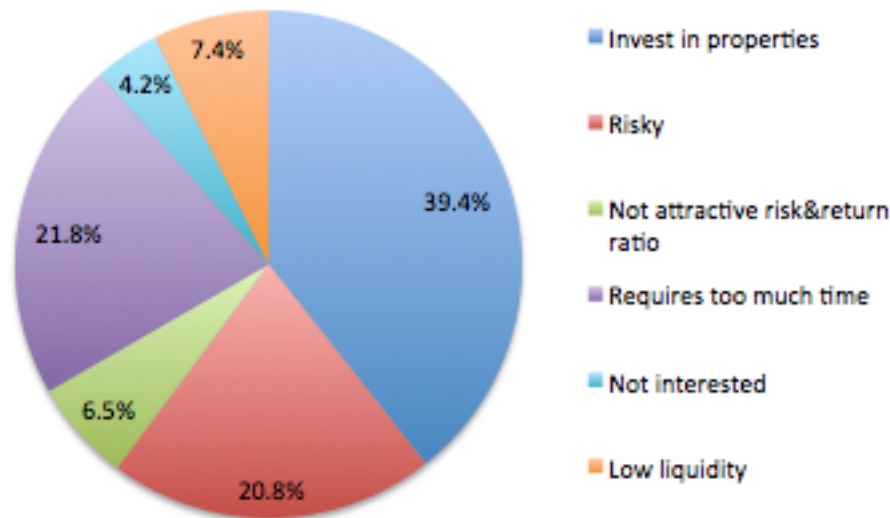
Considering the aim of this study, researching the preferences in property investments is definitely one of the most important issues to be investigated, which is why it is the first aspect to be analysed in this section. Number of issues will be analysed concerning property investments, such as comparison of preferences between Czechs & Slovaks and Brits, investment preferences according to age, and other.

The very first issue concerns all the respondents, as searching for the ratio of property investors and non-investors in general, which is consequently analysed to detail according to nationalities and ages of investors. Out of 305 respondents 39.4% have invested into a property to diversify their savings. Surprisingly, only 27.9% British respondents have invested into a property. On the other hand, in case of Czech & Slovak consumers, 41.6% respondents have bought a property to diversify their savings, which is significantly higher comparing to Brits. However, 63% of all the respondents that have not invested into properties have considered such way of saving money. In addition, 95% of them found this investment reasonable. Hence, stating that 95% of individuals that had decided not to invest into properties claim that this investment is reasonable might sound a bit contradictory. Therefore, it is important to mention, that the word reasonable represents something or someone with a good sense (Oxford University Press, 2006), however, it does not

mean that a particular person is willing to do it. In other words a person can say property is a reasonable investment but despite that is not willing to undertake the risk or liquidity connected. Indeed, every individual perceives the risk, return, liquidity and other aspects related, differently. On that account, the different approaches individuals have towards property investments are analysed below.

Before describing the data in Chart 4.6 it is essential to take in account that these information consist only of the approach of individuals that have considered a property investment. The

Chart 3.6 Relationship towards property investments



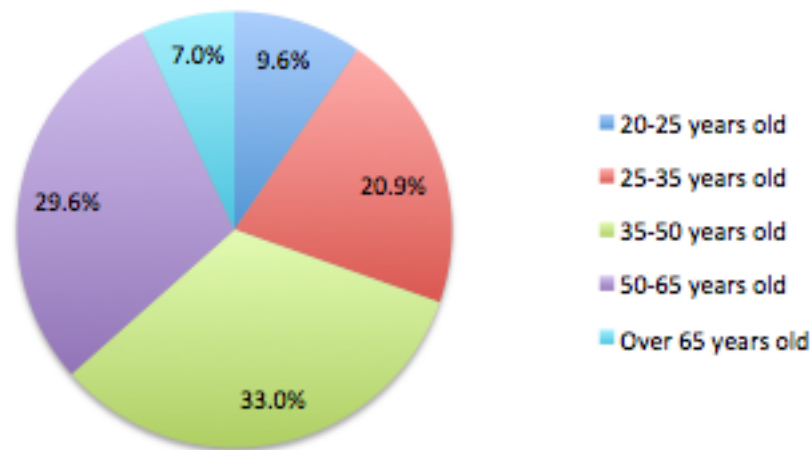
reason is simple; if an individual has not considered a property investment, they probably do not know accurately the advantages and disadvantages of such investment and therefore the opinion of these individuals might be biased. Therefore, the 100 per cent scale in Chart 4.6 is conducted only of 77% respondents that have considered a property investment.

Regarding the perception of liquidity in property investments, 7.4% respondents claim this issue is a barrier from diversifying their savings by purchasing this asset. Over 20% of respondents perceive this investment to be too risky and other 6.5% respondents claim the ratio of risk and return of this investment is not attractive enough. After considering the option of allocating part of savings into a property, almost 23% of respondents pointed out that it requires too much time

to be provided accurately. At last, over 4% of respondents realized that they are not really interested in property investments after considering this investment.

Finally, the last issue analysed concerning property investments was the age of investors. Surprisingly, according to the research results quite a significant number of young people invest into properties to diversify their savings. Comparing the oldest and the youngest

Chart 3.7 Property investors divided into age groups

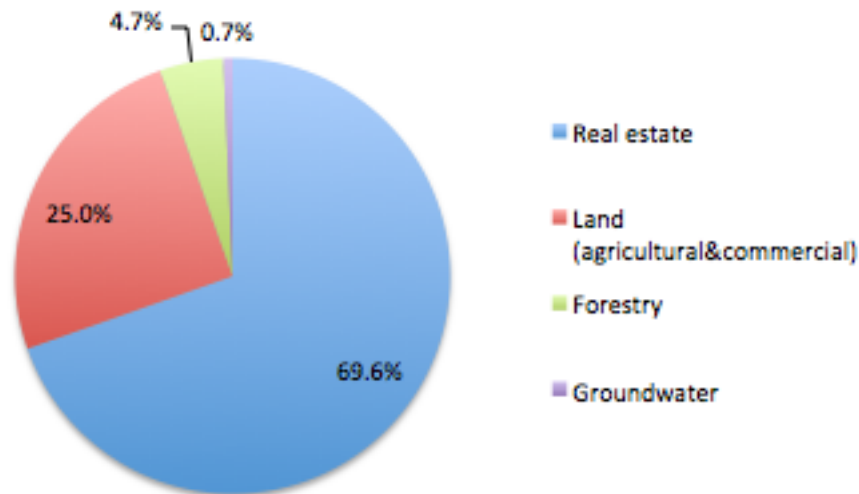


age group it appears that young people allocate their savings to properties more than the individuals over 65 years old. The most active age group in investing into properties are the individuals between 35 to 50 years old representing over 33% of all the property investors followed by the 50-65 years old individuals standing for almost 30% of the property investors. After all, almost 21% of the property investors are 25-35 years old.

3.3.1.1 Deeper view to property investments

After clarifying the profile of property investors according to their nationality, age and analysing the reasons for not investing into properties, the preferences in particular property investments will be investigated. In addition, the consumer satisfaction with property investments will be analysed.

Chart 3.8 Preferences in property investments

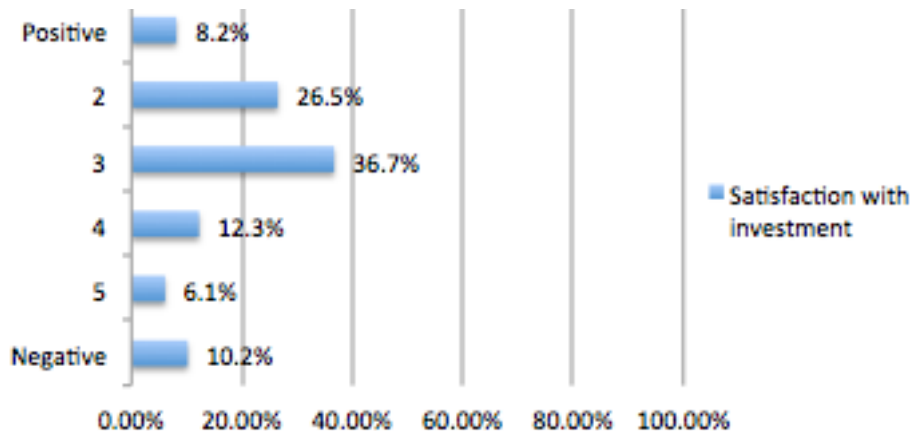


Apparently, over two thirds of property investors focus on real estate investments. Another quarter of investors prefer land investments. Forestry and groundwater seem to be less attractive for investors as only 4.73% and 0.68% respectively allocate their savings into these assets. After all, it is important to mention that some investors combine the property investments and do not focus only on one group of properties. However, according to the research results this approach was rather exceptional than common.

The Chart 4.9 describes the satisfaction of real estate investors with their decision to allocate savings into this asset. Calculating the average of all the responses describing the satisfaction of real estate investors it appears that investors are rather satisfied with this investment as the average value is 3.12 on a range from 1, standing for positive evaluation, to 6, standing for negative evaluation of an investment. On the other hand, the

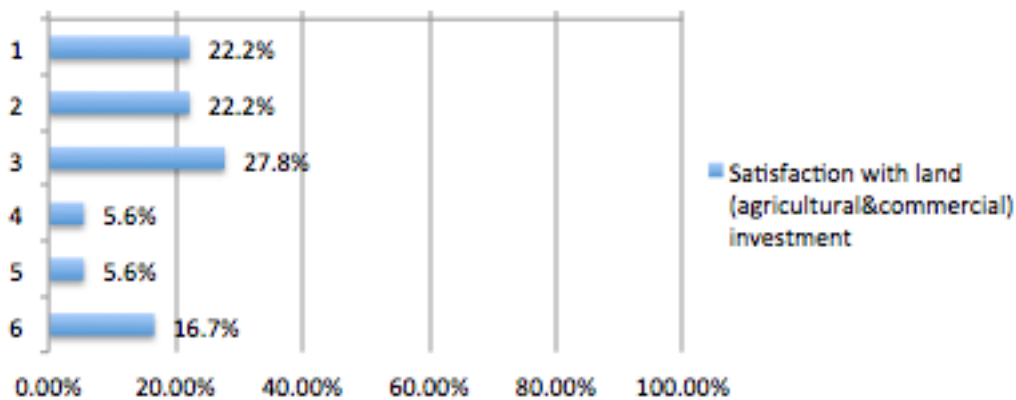
satisfaction of real estate investors is not very confidential as the average value stands very close to neutral evaluation, which would be in this case value 3.50.

Chart 3.9 Satisfaction with real estate investments



Comparing to real estate investments, agricultural and commercial land investors appear to be a bit more satisfied with their investments as the average investment evaluation is 2.83 on the same 1 to 6 scale. However, it is important to take in account that only 18 respondents invest into commercial or agricultural land and therefore the evaluation might be slightly less relevant comparing to real estate statistics that was evaluated by 49 respondents.

Chart 3.10 Satisfaction with commercial and agricultural land investment

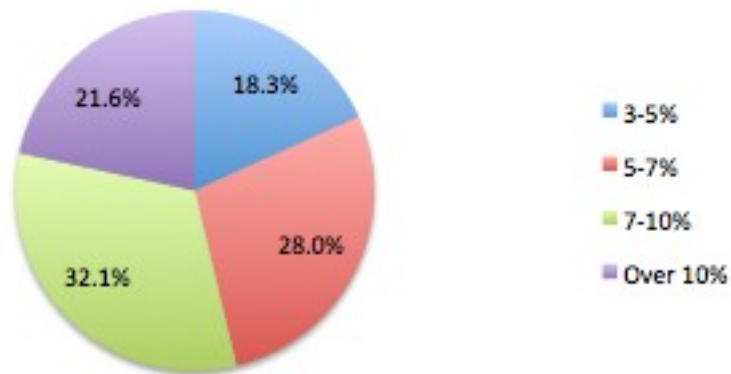


Finally, analysing forestry and groundwater investments according to investors' satisfaction would be irrelevant as only two individuals have invested into forestry and only one has allocated his savings into groundwater. However, summing it up shortly, all these three investors evaluated forestry and groundwater investments rather positively.

Regarding property investments the research focused also on the individuals that have not put their savings into properties. Besides investigating the reasons for not choosing this investment, the respondents were asked at what level of return would they start considering investment into real estate, agricultural or commercial land, forestry or groundwater. The results are illustrated in Chart 4.11.

According to the research results it appears that over 18% respondents that have not invested into property require at least a 3-5% annual return on this investment to start considering allocating their savings this way. Almost 28% potential investors claim they would start thinking about property investments if this investment offered 5-7% return annually. The biggest group consisting of over 32% of potential property investors require at least a 7-10% return on a

Chart 3.11 Requirements on return of property investments



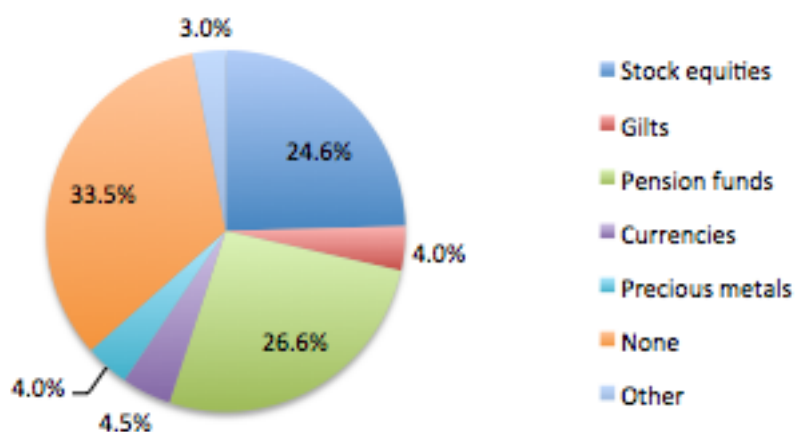
property investment annually to start considering this way of diversification of savings. Finally, over 21.5% potential investors require more than 10% interest on property investment for it to be worth considering.

3.3.2 Other financial investments

Some individuals diversify their savings portfolio not only through property investments but also through investing into other financial assets, such as stock equities, pension funds, and other. Moreover, some consumers allocate part of their savings only to financial assets and not to properties. Indeed, financial investments appear to be attractive as 56.4% of all respondents claim they have invested into financial investments to diversify their savings. The approach of Czech & Slovak consumers is very similar to British, as 55.94% and 57.69% respectively have invested into financial assets.

Before having a deeper look on the Chart 4.12 it might be supportive to mention this data consists of the approach of all the 305 respondents that participated on the research. Therefore, the probability of a well-balanced sample is quite substantial.

Chart 3.12 Preferences in investments into financial assets



It appears that the most preferred financial investments are pension funds closely followed by stock equity investments. Pension funds and stock equities are used as a savings diversification tool by 26.55% and 24.57% consumers respectively. After a huge gap, only 4.47% respondents have invested into currencies and 3.97% respondents have invested into gilts. The same percentage of respondents have invested into precious metals. Finally, almost 3% of respondents

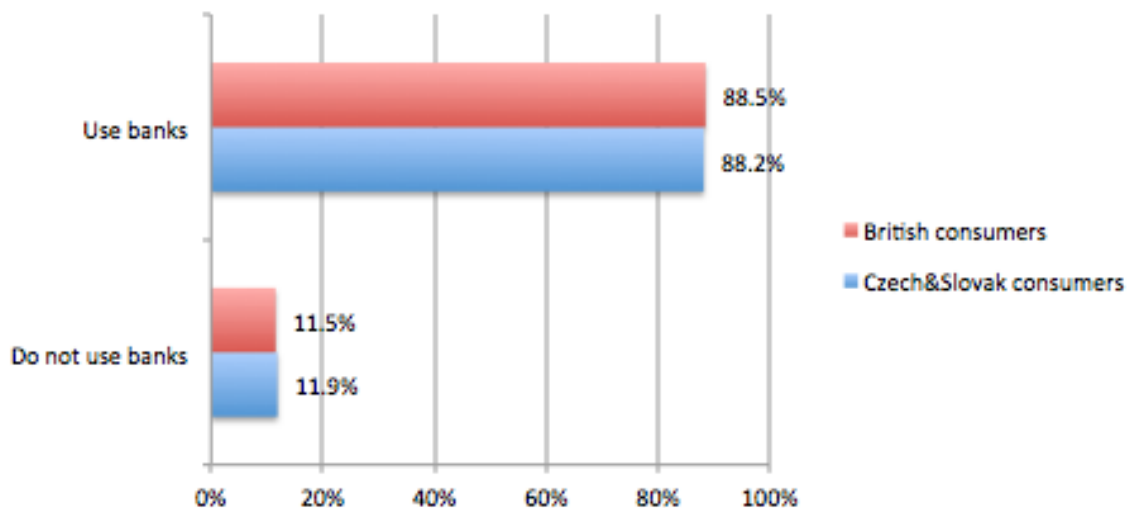
said they use different investment vehicles to diversify their savings. The most common were mutual funds and individual savings accounts.

3.3.3 Bank preferences

Several issues will be investigated in this section. Firstly, a review will be provided illustrating how many consumers put their savings, or part of it, into banks. Secondly, the satisfaction of British and Czech & Slovak consumers with bank products will be investigated. Moreover, the respondents were asked whether there were any products they would use in case their banks offered them, which will be further analysed as well.

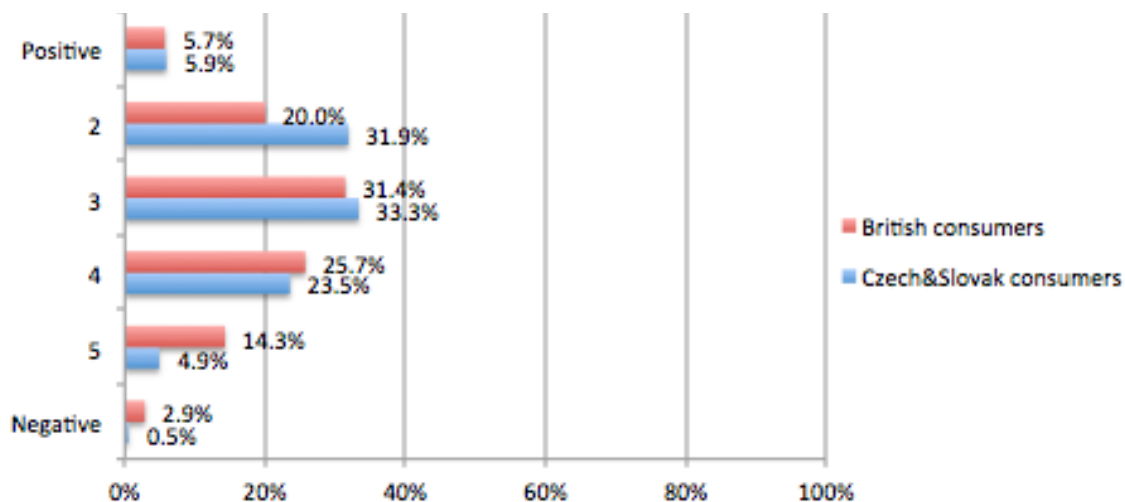
The Chart 4.13 illustrates the distribution of Czechs & Slovaks compared to British consumers according to preferences in putting savings, or part of it, into banks. It appears that the preferences of both nationalities are almost identical, whereas around 88% consumers use bank products and approximately 12% do not.

Chart 3.13 Utilization of banks



Regarding the satisfaction with bank products the average rating based on all respondents' answers is 3.01 on a scale from 1 to 6. Therefore it appears both nationalities are rather satisfied with banks and their products, however, the satisfaction cannot be labelled as outright as the rating is quite close to the middle of 3.5, which stands for neither satisfaction, nor negative valuation. The rating of both nationalities towards banking products can be compared in Chart 4.14.

Chart 3.14 Satisfaction with banks and their products

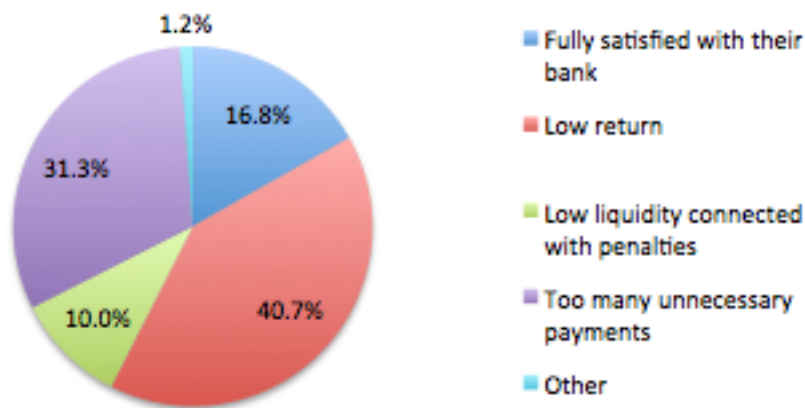


Regarding the comparison of British and Czech & Slovak consumers, the approach to bank products differs quite significantly. The average rating of British consumers is 3.43, which “touches” the middle of positive and negative approach. Therefore, it appears British consumers are not too optimistic about banks and their products. On the other hand, the average valuation of Czech & Slovak respondents is 2.91, which indicates a significantly more positive approach to bank products comparing to Brits, however, this valuation cannot be ranked as brightly positive as well.

After explaining the basic relationship of customers towards the banks they use the respondents were inquired whether there was something particular they were not satisfied about these institutions and the products they offer. Apparently, almost 17% respondents declared they are

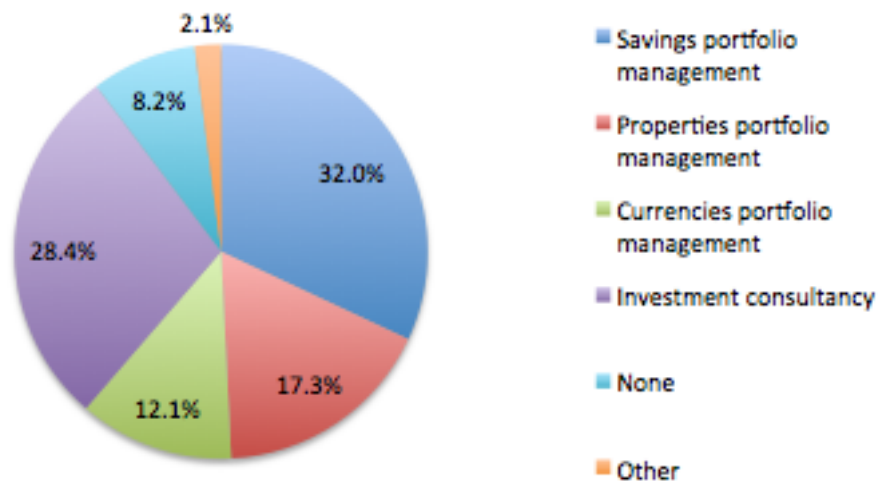
fully satisfied with the products their banks offer which in other words means they are not particularly unsatisfied with any of the products their banks provide. However, almost 41% respondents claim they are not satisfied with the return banks offer according to the amount of money a customer offers. Another significant issue that over 31% respondents complain about is the number of unnecessary payments banks require for operations that could be provided for free. On the other hand consumers seem not to be particularly bothered by the low liquidity of savings accounts that is connected with penalties for early withdrawal. Hence, only 10% consumers find low liquidity disadvantageous, whereas one of these respondents complained a bank even produced him a 4% loss in four years in a balanced mutual fund. Finally, a few respondents expressed specific dissatisfaction towards the services banks offer. Internet security was considered as a concern for one respondent. Another respondent lacked the possibility of once-and-for-all repayment of a loan. Another issue mentioned in the “other” section was lack of transparency. The overall distribution of consumers’ approach is illustrated in Chart 4.15.

Chart 3.15 Most occurred objects of dissatisfaction



Additionally, the respondents were inquired whether there was a product they would use if their bank offered it. On the basis of the research results it appears that almost 32% consumers would appreciate if banks offered savings portfolio management. The second most required service would be basic investment consultancy, which over 28% respondents lack. Over 17% British and Czech & Slovak consumers would use properties portfolio management service if banks offered such product. Over 12% consumers would use currency investments connected with managing the currency portfolio. Finally, 2% of respondents would use commodity investment services, free cash withdrawals not only from the bank a customer uses, services offering investing into

Chart 3.16 Most desired bank products



real projects of particular companies, and other. After all one respondent stated: “I would not allow any bank to manage my savings. In all banks work dabblers that play with your money and if it does not work out they excuse themselves by claiming the reason were bad market conditions”. Though this was only one respondent’s opinion it is clear that some consumers are upset by the behaviour of some banks, which is apparent after considering the overall satisfaction with banks illustrated in Chart 4.14 as well. The full data presenting the products that consumers would use is presented in Chart 4.16.

3.4 Summary

Summing it up, after theoretical introduction of the property investments issue a survey was executed offering primary data that represent the actual approach of British and Czech & Slovak consumers. The obtained data demonstrated that consumers generally care about their savings. As a matter of course most consumer put part of their savings into bank, however, quite a large number of respondents diversify their savings by investing into various vehicles, such as stocks, pension funds, or properties. The relationship between the established hypotheses and research results will be discussed in the following chapter.

4 RESULTS AND SUGGESTIONS

In this section the established hypotheses will be discussed according to the results obtained. While considering the outcomes it is essential to mention the limitations stated in the Methodology chapter once more, as these need to be taken in account, particularly in case of topics, when only a small number of respondents expressed their opinion.

4.1 Hypotheses

1st Hypothesis

People do not generally invest into properties as a way of saving money, however, they have considered this investment and find it reasonable.

This hypothesis was supported by the research. Neither Czechs & Slovaks, nor British consumers, that invest into properties, extended 50% of all respondents. Therefore, only minority of consumers invest into properties to save money. The second part of hypothesis was supported as well, as more than half respondents that have not invested into properties have considered this investment and 95% of them find this investment reasonable. On the other hand, consumers apparently prefer investments into other financial assets, such as pension funds or stock equities, in order to diversify savings as majority of respondents claim they use such products.

2nd Hypothesis

Czechs & Slovaks are generally less interested in working with savings than Brits, which eventuates in:

- *Spending less time on investigating investment opportunities*
- *Poorer diversification of savings*
- *Less investments in properties*

This hypothesis was not supported. On the basis of research results it appears that Czech and Slovak consumers are slightly more concerned in working with savings than British. Moreover, the activity of Czechs and Slovaks concerning property investments is bigger comparing to

British consumers. On the other hand British consumers appear to be spending a bit more time on investment investigations, however, as mentioned before this difference is not significant. Finally, Czechs and Slovaks diversify their savings more than British consumers. Therefore it appears that since Czech and Slovak consumers are more interested in working with savings they diversify more, invest in properties more and spend almost the same time on investigating investments than British consumers.

3rd Hypothesis

The residents that invest into properties prefer real estates and land (commercial or agricultural), but do not include forestry or groundwater investments. However, the majority of property investors are satisfied with this way of savings diversification.

This hypothesis was supported. In other words, almost 95% of property investors invest either into real estate or land and the majority are satisfied with this investment. Regarding groundwater and forestry only about 5% property investors allocate their money to these assets in order to effectively diversify their savings. This finding might indicate an opportunity of proper timing before these assets become popular. Nevertheless, the attractiveness of forestry and groundwater and its potential will be finally discussed in the conclusion and recommendations chapter.

4th Hypothesis

Older people invest to properties to diversify savings more than young consumers.

This hypothesis was supported. The research results demonstrate that almost two thirds of property investors were individuals older than 35 years old and only one third were people younger than 35 years old. However, the research revealed also slightly bigger investment activity of 20-25 years old investors comparing to individuals over 65 years old, which is an interesting paradox. After all, according to the consumer behaviour of respondents it appears that young consumers need more liquidate savings.

5th Hypothesis

The major reason the non property investors do not diversify their savings through property is liquidity.

This hypothesis was not supported. According to the research results it appears that the time required for finding an appropriate property is a limiting issue. Another huge issue that distracts investors from aiming at properties is risk related. Liquidity was considered as a barrier only by 7% of respondents. However, the perception of risk, return, liquidity and other factors highly depends on individual approach towards these attributes. The attitude of an investor might be derived from particular level of commercial awareness and other issues related to the consumer behaviour of an individual.

6th Hypothesis

Czech & Slovak consumers are more satisfied with bank products than British.

This hypothesis was supported. Indeed, British consumers are more neutral about banks than Czechs and Slovaks. The approach to bank products was quite similar, however, British consumers are even more unsatisfied with bank interest than Czechs & Slovaks. On the other hand, comparing to British consumers double the percentage of Czechs & Slovaks were interfered by the “unnecessary” payments banks require.

4.2 Summary

Summing up the relationship of established hypotheses and research results it appears that four hypotheses were supported and two hypotheses were not supported by the research. Nevertheless, as two hypotheses were not supported, some crucial elements were discovered. For example, despite the second hypothesis was not supported, it seems that there is a link between the interest in working with savings and level of diversification as well as investments in properties as Czechs & Slovaks being more interested in savings diversify and invest into properties more.

5 CONCLUSION

There are usually two ways of gaining money on an individual's own. A person can either earn it or valorise what they already have. The aim of this paper was to approach the alternatives of allocating all the savings into a bank. The investments were analysed according to general risk, return, liquidity and other issues related. After achieving basic overview of real estate, commercial and agricultural land, forestry and groundwater investments, the preferences of Czech & Slovak and British customers were investigated. Meeting all these aims and objectives, the last objective is to be fulfilled, recommendations.

First of all, it is inevitable to highlight the poor interest in forestry and groundwater investments. Based on the theory of consumer behaviour and timing, this sector might be a reasonable choice for particular investors, especially due to the future potential these assets have. However, the suitability of such investment cannot be generalized as an ideal option for every investor as the decision-making highly depends on the conditions of each market and environment. On the other hand, sooner or later the price of these assets will probably increase globally. Still, owning a land with perfect quality groundwater in Israel is a completely different situation than owning the same land in Amazon area. Therefore the attractiveness of each investment depends on the particular environment and market it is constrained to.

Secondly, the research results proved young consumers do not usually invest into properties. As mentioned before, according to Burton (2001) it might be reasonable for young consumers to reconsider such behaviour deliberating the rising number of divorces. Burton actually presumes young consumers will change their behaviour by the influence of today's tendency. In fact, no matter whether Burton's presumption will become true or not, it might be reasonable for young consumers to valorise their earnings by appropriate investments. On the other hand, there is no doubt young families need more money than older consumers and in some cases it may not be possible to invest in order to effectively allocate savings. However, in case of young consumers that operate with a certain amount of savings it might be rational to leave part of their earnings less liquidate, which after a proper analysis might offer an interesting return. Another option would be to allocate part of earnings into stock equities or mutual fund investments offering a bigger return that are, however, mostly connected with larger risk. Investing into blue chip stocks

generally offers high liquidity (Fang et al., 2009), which seems to be crucial for young consumers. There is no doubt such investment might be profitable, however, it is necessary to be aware of the time requirements for proper analysis (Lambert, 2011). Moreover, before investing into stocks, mutual funds and other assets through stock exchange; an investor has to consider that their money is about to be in the hands of somebody else (Leong, 2006) and all they will get for it is a piece of paper, hoping its value will rise.

The last recommendation is quite general as it is based on the whole study, however, as the research results proved most consumers do not allocate their savings into properties, it might be important to mention. In fact, putting together the research results an interesting finding can be concluded. About 64 per cent of all respondents claim to be interested in financial news, whereas over 78 per cent of all respondents claim that 3-10 per cent return on property investment would make them consider this investment. According to the findings in the literature review, it appears that real estates, commercial and agricultural land produce 10 per cent return annually in average and forestry has been annually producing 14 per cent in average. However, less than 40 per cent of all respondents do actually put their savings into properties. There are two possible conclusions. Even though the majority of people have interest in general finance, they still lack commercial awareness, concerning the attractiveness of the property investments. Otherwise, the second conclusion would be that even though the return on property investment is attractive, there are still issues that discourage consumers from allocating their savings into properties. Indeed, there can be situations when investing into properties might be the worst thing to do. Therefore, the recommendation is not to invest into properties, but to seriously consider this investment with all its advantages and disadvantages according to the environment an individual operates in.

After all, to allocate savings not just effectively, but safely, it is inevitable to keep the savings portfolio diversified.

Finally. If a house is cold there are two possible things to do. The owner can either spend more on heating or decrease the heat loss by insulating the house. The first solution forces the owner to spend a lot on heating forever. The second solution requires more savings at the beginning but the reduction on heating payments stays forever and after a few years is highly profitable. The purpose of this work was to find a way of effective “insulation” of savings in order to protect it

from inflation and to fully embrace the potential money has. Therefore, the more effectively an individual saves their money, the less they have to work hard to earn it. In the very beginning of this paper was stated that an individual should focus on what they can offer the society with competitive advantage to gain the “instrument” for obtaining almost everything else. Indeed, money can bring a person almost everything, but not everything. Therefore, the very last recommendation of this paper is to remember the rest that money cannot bring. Indeed, no matter how hard they try to have more, they will never have the most. In fact, they will realise they are the poorest ones.

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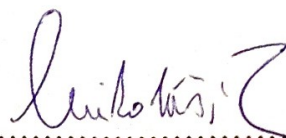
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Prohlašuji, že

- jsem byl seznámen s tím, že na mou bakalářskou práci se plně vztahuje zákon č. 121/2000 Sb. – autorský zákon, zejména § 35 – užití díla v rámci občanských a náboženských obřadů, v rámci školních představení a užití díla školního a § 60 – školní dílo;
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V Ostravě dne 12. mája



.....
jméno a příjmení studenta

List of appendices

Appendix A: Sample questionnaire

Appendix B: Ethical form

APPENDICES

APPENDIX A: SAMPLE QUESTIONNAIRE

Savings Management

Dear Sir, Madam,

Let me kindly ask you to fill the following anonymous questionnaire.

My name is Lubos Mikolasik and I am studying the final year at the University of Huddersfield. As a part of my dissertation I am researching the individuals' preferences in allocating savings, whereas I will compare the preferences of British, Czech and Slovak residents.

This questionnaire is anonymous and I, as the only person having access to the data provided, declare treating all the information as strictly confidential.

Thank you for your cooperation, I appreciate it.

Lubos Mikolasik

1. Are you interested in financial news, investment opportunities and economics generally?

- ☐ Yes
- ☐ No

2. How much time a month do you spend by investigating the savings opportunities?

- ☐ Less than 30 minutes
- ☐ 30 – 60
- ☐ 1-2 hours
- ☐ 2-4 hours
- ☐ 4-8 hours
- ☐ More than 8 hours

3. How would you describe the time spent working with your savings, allocation it to banks or other assets?

- ☐ I enjoy working with my savings
- ☐ I do not find it enjoyable but it does not bother me
- ☐ Working with savings bothers me but I do it as a necessity
- ☐ I do not really work with my savings

4. Do you put your savings (or part of it) into a bank?

(If no, please go to 7)

- ☐ Yes
- ☐ No

5. If there was anything you were not satisfied about banks regarding their products what would it be?

- ☐ I am fully satisfied with my bank
- ☐ The return regarding the volume of money is low
- ☐ Banks offer low liquidity of particular products associated with penalties
- ☐ Banks require many payments concerning services that could be proceeded for free
- ☐ Other:

6. How would you overall describe the products your bank offers?

- ☐ Positive
- ☐ 2
- ☐ 3
- ☐ 4
- ☐ 5
- ☐ Negative

7. Please choose the products you would use if your bank offered it.

- o Managing the whole savings portfolio
- o Managing my properties portfolio with searching the best property investments
- o Offering currency investments with managing the currencies portfolio
- o Investment consultancy services
- o Other:

8. Do you diversify your savings portfolio?

In other words, do you spread your savings across a range of assets?

o Yes

o No

9. Have you ever considered an investment into property (Real estate, Land) in order to diversify your savings?

(If no, please go to 14)

o Yes

o No

10. Do you find property a reasonable investment opportunity?

o Yes

o No

11. What is your attitude towards property investments?

- o I do invest (or have invested) into properties
- o I do not invest into properties because I find it risky
- o I do not invest into properties because the risk and return ratio is not attractive enough
- o I do not invest into properties because it requires too much time spent choosing the right property

- ☐ I do not invest into properties because I am not interested in it
- ☐ I do not invest into properties because I find it illiquid

12. What assets have you invested into?

(If none, please go to 14)

- ☐ None
- ☐ Real estate
- ☐ Land
- ☐ Forestry
- ☐ Groundwater
- ☐ Other:

13. How would you describe your experience with investing into properties?

- ☐ Positive
- ☐ 2
- ☐ 3
- ☐ 4
- ☐ 5
- ☐ Negative

14. What other financial assets have you invested into?

(If none, please go to 16)

- ☐ Stock equities
- ☐ Gilts
- ☐ Pension funds

- ☐ Currencies
- ☐ Precious metals
- ☐ None
- ☐ Other:

15. Did you find these investments a good way of diversifying your savings?

- ☐ Yes
- ☐ No

16. If you have not invested into properties yet, at what level of return would you start considering it as a way of saving money?

- ☐ 3-5%
- ☐ 5-7%
- ☐ 7-10%
- ☐ More than 10%

17. Into which age group do you belong?

- ☐ 20 - 25 years old
- ☐ 25 - 35 years old
- ☐ 35 - 50 years old
- ☐ 50 - 65 years old
- ☐ Over 65 years old

18. What is your gender?

- ☐ Male
- ☐ Female

19. What is your nationality?

- ☐ British
- ☐ Slovak
- ☐ Czech

APPENDIX B: ETHICAL FORM

FORM A – Student Approval Form (taught courses)

University of Huddersfield
The Business School

STUDENT PROJECT / DISSERTATION ETHICAL REVIEW

APPLICABLE TO ALL UNDERGRADUATE AND POSTGRADUATE TAUGHT PROGRAMMES

Please complete and return via email to your Project / Dissertation Supervisor along with the required documents (shown below)

Before completing this section please consult the '[Ethics Policy and Procedures](#)' section on Blackboard. Students should consult the appropriate ethical guidelines. The student's supervisor is responsible for advising the student on appropriate professional judgement in this review.

SECTION A: TO BE COMPLETED BY THE STUDENT

Project Title:	Analysis of the alternative forms of saving money
Student name:	Lubos Mikolasik
Student number:	U1273611
Course:	European Business
Supervisor:	Kevin J. Rowles
Proposed start date of data collection	16.3.2013

SECTION B: PROJECT OUTLINE (TO BE COMPLETED IN FULL BY THE STUDENT)

Issue	Please provide sufficient detail for your supervisor to assess strategies used to address ethical issues in the research proposal.
Aim / objectives of the study These need to be clearly stated and in accord with the title of the study. (Sensitive subject areas which might involve distress to the participants will be referred to the Ethics Committee Representative).	Aim: to investigate investments as an alternative of allocating money into a bank Objectives: <ul style="list-style-type: none">- To introduce the basic theory of consumer behaviour, risk, return and liquidity in terms of investing- To analyse several investments and consider according to their risk, yield, liquidity and other related aspects.- To compare the British and Czech & Slovak consumers according to their preferences in styles of saving money.- To propose the most fitting form of investment for different groups of people.
Research methodology The methodology needs to be explained in sufficient detail to show the approach used (e.g. survey) and explain the research methods to be used during the study.	Quantitative method, questionnaire
Does your study require any	No

FORM A – Student Approval Form (taught courses)

permissions for study? If so, please give details.	
Participants Please outline who will participate in your research. You should comment explicitly about whether your participants are able to offer informed consent. If your research involves vulnerable groups (e.g. children, adults with learning disabilities), it must be referred to a Ethics Committee member.	Adults older than 18 years old
Access to participants Please give details about how participants will be identified and contacted.	Contacted via the Internet
How will your data be recorded and stored?	Recorded and stored via google apps
Confidentiality Please outline the level of confidentiality you will offer respondents and how this will be respected. You should also outline who will have access to the data and how it will be stored. (This information should be included on 'Information Sheet'.)	Strictly confidential
Anonymity If you offer your participants anonymity, please indicate how this will be achieved.	No submission of name, location or any personal details
Could the research induce psychological stress or anxiety, cause harm or negative consequences for the participants (beyond the risks encountered in normal life)? If yes, you should outline what support there will be for participants.	No
Retrospective applications. If your application for Ethics approval is retrospective, please explain why this has arisen.	

SECTION C – SUMMARY OF ETHICAL ISSUES (TO BE COMPLETED BY THE STUDENT)

Please give a summary of the ethical issue and any action that will be taken to address the issue(s).

N/A

SECTION D – ADDITIONAL DOCUMENTS CHECKLIST (TO BE COMPLETED BY THE STUDENT)

Please supply to your supervisor copies of all relevant supporting documentation electronically. If this is not available electronically, please provide an explanation and supply hard copy

I have included the following documents

Information sheet	Yes <input type="checkbox"/>	Not applicable <input checked="" type="checkbox"/>
Consent form	Yes <input checked="" type="checkbox"/>	Not applicable <input type="checkbox"/>
Letters	Yes <input type="checkbox"/>	Not applicable <input checked="" type="checkbox"/>
Final version of questionnaire	Yes <input checked="" type="checkbox"/>	Not applicable <input type="checkbox"/>
Interview schedule / questions	Yes <input type="checkbox"/>	Not applicable <input checked="" type="checkbox"/>

SECTION E: STUDENT STATEMENT

I confirm that the information I have given in this form on ethical issues is correct. Please tick the box to confirm. ☒

Student Name LUKAS MIKOLASIK

Date 11th March 2013

SECTION F: STATEMENT BY SUPERVISOR AND RECOMMENDATION ON THE PROJECT'S ETHICAL STATUS

I have read the information above and I can confirm that, to the best of my understanding, the information presented by the student is correct and appropriate to allow an informed judgement on whether further ethical approval is required. Please tick the box to confirm ☒

Supervisor Name

KJ RAMES

Date 11th March 2013

Having satisfied myself of the accuracy of the project's ethical statement, I believe that the appropriate action is:

The project proceeds in its present form	<input checked="" type="checkbox"/>
The project proposal needs further assessment with the Ethics Committee representatives	<input type="checkbox"/>
The project needs to be returned to the student for reworking	<input type="checkbox"/>

This form should be submitted to the nominated course team.